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Daily Report

Annex

East Asia

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ANNEX

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Japan

Kaifu: Gorbachev To Discuss Territorial Dispute

OW2812133790 Tokyo JIJI in English 1239 GMT 28 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 28 (JIJI PRESS)—Prime Minister Toshiki Kaifu Friday said he is confident that Soviet President Mikhail Gorbachev is ready to discuss the longstanding territorial dispute with Japan during his visit to Tokyo in April.

Kaifu, referring to reported remarks by new Soviet Vice President Gennadiy Yanayev that the territorial dispute could not be settled at once, told reporters he too doubted if the issue could be solved during just one visit by the Soviet leader. He stressed he trusts Gorbachev's statement last autumn that he is ready to discuss the issue and all pending problems with Tokyo.

Gorbachev's Japan visit should bring about a dramatic improvement in Japan-Soviet relations, Kaifu said. Chief Cabinet Secretary Misoji Sakamoto echoed Kaifu's view in the morning press conference.

The government will strive to achieve expansion of bilateral relations at the time of Gorbachev's coming visit, he said.

Ministry To Discuss Nakayama Trip With Moscow

OW3112142390 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Dec 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] The Foreign Ministry is expected to begin readjustments with the Soviet Foreign Ministry as soon as the New Year sets in with an eye to bringing about Foreign Minister Nakayama's trip to Moscow in late January. Foreign Minister Nakayama's visit will be an important step toward Soviet President Gorbachev's visit to Japan scheduled for next April.

The Nakayama visit, originally slated for early January, has been postponed due to circumstances on the Soviet side, largely stemming from Foreign Minister Shevardnadze's resignation announcement.

A senior Foreign Ministry official said, "Unless the visit materializes before the Diet reopens on 25 January, it will be difficult to schedule the minister's visit." Thus, the ministry plans to negotiate hurriedly with the Soviet side on two proposed time frames—15-18 January and 20-24 January.

The Foreign Ministry decided to make the readjustment with an eye on setting the foreign minister's visit for late January because of the following two reasons: 1) President Gorbachev has tided over the Congress of People's Deputies session, which was thrown into confusion by Foreign Minister Shevardnadze's announcement of his resignation, and made clear through his aides that there would be no change in his plan to visit Japan in April; and, 2) the USSR Supreme Soviet is due to be called into session on 4 January, and a new cabinet including the foreign minister's portfolio will be inaugurated.

The situation involving the foreign minister's post still looks fluid while Primakov, member of the Presidential Council, is being touted amid speculation that Mr. Shevardnadze may be retained. According to a top-level Foreign Ministry official, "In either case, there will be no drasitc change in the new thinning diplomacy being promoted by the Gorbachev administration or in Soviet Japan policy."

If the foreign minister's visit to Moscow materializes, Minister Nakayama will confirm, at his talks with his Soviet counterpart, the draft of a new agreement to be signed during the presidential visit to Japan. The agreement is comprised of 11 items, including Japanese technological support to the Soviet Union. In addition, he will officially convey a comprehensive package of emergency aid, including foods and medical supplies. He is also expected to feel out the possibility of the Soviet foreign minister's visit to Japan in February or March prior to the presidential visit.

Foreign Minister Nakayama is also scheduled to meet with President Gorbachev and, as a senior Foreign Ministry official put it, "From a commonsense standpoint, a concrete itinerary for the presidential visit to Japan will be made known at that meeting."

Keidanren Leader Stresses Economic Aid to USSR

OW2512045390 Tokyo THE DAILY YOMIURI in English 23 Dec 90 p 8—FOR OFFICIAL USE ONLY

[Text] Japan should promote economic assistance with the Soviet Union despite some unfortunate incidents between the two nations in the past, the new president of the Federation of Economic Organizations, Gaishi Hiraiwa, said Friday.

"We should make every effort to prevent Soviet President Mikhail Gorbachev from losing his post," Hiraiwa, chairman of Tokyo Electric Power Co., said in an interview with Yomiuri Shimbun Economic Editor Yoshio Matsui.

Many Japanese businesses have already embarked upon joint ventures in the Soviet Union after considering the country's business potential and the importance of economic cooperation, Hiraiwa said.

But Hiraiwa acknowledged that the role of Private enterprise will remain limited until the governments of the two nations conclude a peace treaty, a matter that has remained unresolved since World War II.

Many Japanese firms are hesitant about launching large-scale joint ventures in resource development before a peace treaty is signed, Hiraiwa said.

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"Many Japanese still have ill feelings toward the Soviets because of unfortunate experiences during and after World War II. However, we should overcome such problems and offer economic cooperation," he said.

Hiraiwa was officially appointed the seventh president of the influential business organization at a general meeting of Keidanren Friday. He succeeds Eishiro Saito, honorary chairman of Nippon Steel Corp.

During the interview, Hiraiwa stressed the need for concessions from Japan for the successful completion of the Uruguay round of multilateral trade talks.

"Since Japan can continue its economic activities only in a free trade environment, farmers should reconsider their traditional positions opposing imports of even a single grain of rice," he said.

The government may need to give farmers a "transition period" so they can prepare for competition with imported rice. A clear schedule for opening Japan's rice market should be decided at the Uruguay round, he said.

As the new leader of the nation's most powerful economic organization, Hiraiwa is determined to help the government realize its economic growth target for the next fiscal year.

"All past Keidanren presidents have played a role that was necessary at that time. Mine will be to take the initiative for the nation's big businesses in cooperating with the government to maintain stable growth," he said.

Ambassador to U.S. Reviews State of Relations

OW2712232290 Tokyo MAINICHI SHIMBUN in Japanese 24 Dec 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Washington, 22 Dec—Following his 21 December exclusive interview with U.S. Vice President Quayle, Akio Uenishi, editor of the MAINICHI SHIMBUN Political Affairs Department, interviewed Ryohei Murata, Japanese Ambassador to the United States, about medium- and long-term prospects for Japanese-U.S. relations. In the interview, Ambassador Murata stressed that Japan and the United States are strengthening their interdependence in economic and technological arenas. The ambassador also pointed out that merits and demerits of the two countries have surfaced conspicuously and asymmetrically; this has caused various frictions between the two countries in many areas. In the interview, the ambassador disclosed that formulation of a policy, which can be called "the 10- year plan for promoting understanding between Japan and the United States," is under way with the aim of removing these frictions. The ambassador also pointed out that the two countries would encounter a "unprecedentedly tough situation" in the short run because of the Gulf crisis and the recession in the United States. On the new multilateral trade talks (Uruguay Round) in particular, the ambassador urged the government and the ruling Liberal Democratic Party to make bold decisions, saying: "Japan is being asked to make political decisions."

The following are the questions and answers of the interview.

[Uenishi] What do you think of the present state of Japanese- U.S. relations?

Murata: With the end of the Cold War, the world is entering a new phase. Under these circumstances, the United States is said to be the only nation capable of leading the world security-wise and politically. The foundation of U.S. industry and its economy, however, has weakened; and U.S. competitiveness is on the decline. The United States, saddled with a huge deficit, has become the biggest debtor. It is true that Americans are worrying more and more about this, saying: "We are burdened with too big a role." In the eyes of Americans, Japan contrasts with the United States. Japan conducts no active political endeavors while depending on the United States for its security. Japan is making tremendous economic efforts, thereby threatening the United States. In other words, the merits and demerits of the two countries have surfaced conspicuously and asymmetrically.

[Uenishi] The burden of coping with "the Soviet threat" has been removed.

Murata: You are right. The United States finds it less necessary to shut its eyes to important things in order to hold its allies together against the Soviet Union. There is a strong awareness in the United States that Japan and Germany rival the United States. Because of this psychological background, Americans insist that they cannot clearly understand Japanese investment in the United States and buyouts of U.S. enterprises, even though such investments and buyouts are undertaken on the basis of economic principles; they term such business activities intolerable.

[Uenishi] Will this bad image of Japan in the United States worsen?

Murata: In view of the actual condition of Japanese-U.S. relations, Japan and the United States are strengthening interdependence in the economic and technological arenas. All intellectuals in the United States are aware of the fact that it is impossible to create a new world order and open the 21st century without cooperation between Japan and the United States.

[Uenishi] What are the best ways to warm frigid Japanese-U.S. relations?

Murata: Although personnel and information exchanges between Japan and the United States have multiplied several thousand times, as much as in prewar times, the Japanese are surprisingly unaware of the system and human nature in the United States. Americans also stick to their conventional stereotypes. It is clear that the people of the two countries lack broad understanding of each other. Fortunately, the Diet has just approved 40 billion yen for exclusive use in promoting exchanges between Japan and the United States. We should work with great enthusiasm to deepen understanding between Japan and the United States by formulating a long-term plan which can be called "the 10-year plan for promoting understanding between Japan and the United States."

[Uenishi] How does the United States view Japan's contributions to the Middle East?

Murata: The administration and Congress have reacted differently. There is a consensus among Americans, however, that personnel contributions by Japan would be desirable. In other words, they want to see Japanese there.

[Uenishi] President Bush formally asked for additional financial disbursements on 21 December. What is your comment?

Murata: The United States thinks that the international community must share responsibility for the solution of the Gulf crisis. In this connection, it is true that the United States pins high hopes on Japan.

[Uenishi] Japanese-Soviet dialogue is making headway. How does the United States view these developments?

Murata: The United States has a clear-cut perception of Japanese- Soviet relations. In principle, the United States welcomes improved Japanese-Soviet relations. Now that Gorbachev is scheduled to visit Japan, Japanese-Soviet relations will be normalized through the promotion of dialogue between the two countries. The U.S. position is that it is good if the two countries develop their relations vigorously while resolving the territorial issue.

[Uenishi] The Uruguay Round is deadlocked over the farm issue. What are the prospects for resolving the rice issue?

Murata: I am not in a position to comment on the rice issue. The U.S. Administration has promised Congress that the issue will be settled early next March. In view of this deadline, there are only one and a half months remaining. I think that the United States and the European Community (EC) are being asked to make political decisions in the farm and service areas.

[Uenishi] Japan and the United States overcame the thorny issue of the Structural Impediments Initiative. What are your comments on Japanese-U.S. economic friction?

Murata: To my regret, I have no choice but to say that the United States will adopt a tougher attitude toward Japan. The U.S. economy is on the decline. What is important is that the two countries should resolve individual issues, including following up agreements on the Structural Impediments Initiative, at an early date.

Foreign Ministry Official To Visit U.S. in Jan

OW2712033390 Tokyo JIJI in English 1411 GMT 26 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 26 (JIJI PRESS)—The Foreign Ministry Wednesday decided to send a ranking official to the United States in mid-January to discuss the possibility of additional Japanese aid to multinational forces deployed in the Persian Gulf.

Koichiro Matsuura, director general of the North American Affairs Bureau, will also exchange views with U.S. State Department officials in Washington on the proposed visit to Japan by President George Bush.

Bush's visit here, planned for between late February and early March, may be postponed because of the growing uncertainty in the Gulf situation ahead of the UN-set Jan. 15 deadline for Iraq to withdraw troops from Kuwait.

Washington and Tokyo earlier agreed to postpone a bilateral meeting of foreign and defense ministers from early January.

The Government has been debating the possibility of extending more assistance to Gulf-deployed multinational teams led by the United States, as requested by Bush.

Matsuura is expected to sound out the U.S. State Department on the latest U.S. policy toward the Gulf, Foreign Ministry officials said.

Other subjects on the agenda include the Korean Peninsula, diplomacy toward China and the Soviet Union, and U.S.-Japan policy coordination to cope with recent changes in East Asian nations, the officials said.

Article Calls Foreign Policy 'U.S.-Oriented'

OW2612132790 Tokyo THE JAPAN TIMES in English 25 Dec 90 p 3—FOR OFFICIAL USE ONLY

[Article by Emily Thornton, staff writer: "Foreign Policy Still Lacking Courage"]

[Text] When Prime Minister Toshiki Kaifu announced the evening of Aug. 29 his initial Persian Gulf package, which included no financial contribution to multinational forces there, he referred to it as the "maximum" effort his government could make.

But less than 24 hours later—following a phone call from Kaifu to U.S. President George Bush which revealed that the U.S. was unimpressed by Japan's weeks of soul-searching—the aid package to the forces jumped from zero to $1 billion.

Given Japan's primarily U.S.-oriented foreign policy up to now, the government's reaction to a lack of American enthusiasm could be considered typical.

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But the government's continuous failure to set its own international agenda, especially on the Gulf crisis, seems to have left both Japanese and foreign policymakers exceptionally discouraged about the possibility of Japan's taking action befitting its newfound economic status.

"Many of us (Americans) desperately desire a change in the relationship that permits some response other than the American complaint or challenge and the Japanese reaction," Thomas Foley, speaker of the U.S. House of Representatives, told American and Japanese opinion leaders this fall at the Eighth Shimoda Conference, a private forum.

Foley continued: "The Gulf crisis, for example, has been widely interpreted in Japan as a bilateral problem. What would the Japanese Government think about the Gulf if it were divorced from its relationship with the United States? Nothing?"

New Agenda Needed

It has been one year since Vice Foreign Minister Takakazu Kuriyama wrote about the necessity for Japan to set its own international agenda in a controversial essay titled "New Directions for Japanese Foreign Policy in the Changing World of the 1990s."

Kuriyama argues that Japan's economic strength has too much influence on the future direction of the world for it to maintain a passive foreign policy based on an international order maintained by the U.S.

"Japan, as an important member of the industrial democracies, can no longer conduct a passive foreign policy," he wrote. "Japan's foreign policy must outgrow, as soon as possible, from that of a minor power to the foreign policy of a major power."

Unfortunately, even today, that essay seems to remain the only major piece of concrete evidence of present domestic policymakers' determination to work out an independent foreign policy.

Foreign Ministry officials still readily admit their policies are based on a wait and see attitude toward other Western nations, in particular the U.S.

Some even justify this stance by saying the public's negative reaction to the now-defunct U.N. Peace Cooperation Bill indicates that it is still too soon for Japan to be a major player in the international arena.

But can the passive stance taken by Japan's foreign policy change in the future? Policymakers disagree.

Some insist the Diet struggle over the peace cooperation corps has resulted in a general public consensus that Japan should play a more active role in the international community—a consensus that must be acted upon quickly in order for Japan to make a positive contribution to solving the crisis in the Gulf.

Others, however, argue that as long as foreign policy remains in the hands of domestic goal-oriented politicians in the Nagatacho District of Tokyo, any sincere efforts to set forth an independent diplomacy will be in vain.

"I was disappointed to see the failure of the U.N. cooperation bill, but I do not think future possibilities are now closed," commented Nobuo Matsunaga, former Japanese ambassadsor to the U.S.

In terms of the crisis in the Gulf, Japan could still send noncombat personnel there or provide more in the way of medical care or transport, he said.

And gradually, he added, Japan will be forced to adopt a broader and more active foreign policy stance since it is one of the few countries with sufficient financial resources and high tech capabilities to have a positive impact on the world situation, particularly in Asia.

"Japan, which has moved slowly in the past under the influence of the (position taken by the) international community, must move more quickly," he said. "Otherwise, the intentions of Japan will be misunderstood by the rest of the world."

However, Yoshiji Nogami, acting director of the Japan Institute of International Affairs, one of the nation's few think tanks, says he cannot imagine Japan will play an active political role in the world community even in the long term.

Japan could, and has often stated a willingness to play a more active role in the areas of official development assistance or the protection of the world's environment. But it is still not making a great effort to present substantial independent international agendas, he said.

To a certain extent, Japan is a victim of the influential doctrine written following World War II by Prime Minister Shigeru Yoshida which suggested that the nation confine itself to economic activities, Nogami and others contend.

As a result of following the Yoshida doctrine for 45 years, Japanese officials have become too comfortable and can no longer think in political and military terms.

And even if policymakers come up with alternatives to an American agenda, few political leaders are courageous enough to implement a policy different from that of the U.S.

"The U.S. still is the only superpower which can write an agenda and can sell it," Nogami said. "The failure of Japan to come up with any concrete view on this Gulf crisis is a failure of the internationalists here. They just don't have political clout."

The consequences of Japan's present inability to present its own international policy could be severe, however, warned Motofumi Asai, a professor of law at Nihon University. Asai's resignation from the Foreign Ministry

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and subsequent book on Japan's foreign policy sparked a controversy over the Japanese-U.S. Security Treaty last year.

Although the events this past year may have been exceptional, the general pattern of U.S.-Japanese bilateral discourse is reminiscent of the years preceding World War II, he said.

Asai, who describes present Japanese foreign policy as "faceless," said Japan similarly did not openly pass judgment on American foreign policy in the twenties.

As a result, following the Depression, when the nation finally expressed its discontent, the U.S. was taken aback.

Japan's Judgment Needed

The Gulf crisis showed that unless Japan makes its own judgment on world issues and acts according to it, rather than to the American stance, the international community will not appreciate its efforts to assume more responsibility, he argued.

Asai cited the fact that Japan was not consulted before the U.S. sent troops to the Gulf as an example of how Japan's failure to set an international agenda is actually damaging the bilateral relationship Japan has been deferring to.

"If the U.S. thought Japan was a country with its own opinion, like Germany, it would have consulted us before because they would want to hear good advice. But they didn't because they expected Japan just to follow the American position," Asai said.

"Until now, Japan has basically listened to others' opinions and not thought about issues itself. If Japan sincerely wanted to make an international contribution suitable for an economic superpower, it would find many things that must be done. But it isn't making that effort," he added.

Foreign Ministry To Send Officials to Mideast

OW2712171890 Tokyo JIJI in English 1245 GMT 27 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 27 (JIJI PRESS)—The Foreign Ministry, concerned over a possible war in the Persian Gulf, will send two officials to five Middle East nations Jan. 2-12 to secure safety of Japanese nationals in those countries, ministry officials said Thursday.

Shohei Naito, deputy director-general of the Consular and Immigration Affairs Department, and Satoshi Morimoto, director of the Security Policy Division, will visit Saudi Arabia, Bahrain, Qatar, the United Arab Emirates and Jordan, the officials said.

At talks with embassy officials and representatives of Japanese society groups in the five nations, the two officials will discuss measures to cope with growing tensions in the Gulf region, they said.

As the U.N.-imposed Jan. 15 deadline for Iraqi troops to withdraw from Kuwait is approaching, war jitters are becoming stronger. Direct talks between the United States and Iraq toward a peaceful solution to the Gulf crisis still remain deadlocked.

During their stay in the five nations, the officials will also seek to strengthen a system to maintain a close contact with each government and make preparations for evacuation of Japanese nationals when a war breaks out, the ministry officials said.

As of Thursday, the number of Japanese nationals in the five Gulf nations totaled about 1,000.

Tokyo To Resume High-Level Exchanges With PRC

OW0201122191 Tokyo TOKYO SHIMBUN in Japanese 31 Dec 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The government decided on 30 December to resume full scale high-level personnel exchanges with China. Pursuant to the decision, Foreign Minister Nakayama and Prime Minister Kaifu will visit China in late March and early May respectively. Japan-China relations, which have been in an abnormal state since the Tiananmen incident in June 1989, will be completely restored following the successive visits by the foreign minister and the prime minister to China.

The government decided to resume high-level exchanges with China at this time because the international situation surrounding China has changed in the following ways: 1) China, as a permanent member of the UN Security Council, has assumed a cooperative stance with the United States and European nations in adopting the council's resolutions on the Gulf crisis; and 2) in response to this stance, the United States has begun to seek better relations with China, as evidenced by President Bush's meeting with Chinese Foreign Minister Qian Qichen when the latter visited the United States last November.

It is also believed that the government has determined that better Japan-China relations would contribute to bringing peace and stability to the Asian-Pacific region, which would in turn be helpful in improving relations with the Soviet Union and the DPRK (North Korea).

The government acted to 1) suspend ministerial and other high-level exchanges with China, and 2) freeze the third yen-based loans to China, in accordance with the July 1989 "Declaration on China" adopted at the Arche summit in Paris, which was held immediately after the Tiananmen incident.

In July of the following year, participants at the Houston summit mapped out their course to "maintain actions against China as agreed upon at the Arche summit, but to readjust the policy as China makes progress in democratization and reform." Following this decision, Japan sent (then) Education Minister Hori to Beijing to attend the opening ceremony of Asian Games, and has since resumed the third yen-based loans to China. However, Japan has refrained until now from lifting the ban on top-level exchanges with China involving the rank of foreign minister and prime minister.

Since the foreign minister and the prime minister plan to visit China in succession, it is anticipated that the Chinese side will make reciprocal visits, sending its foreign minister and premier sooner or later. Thus, Japan and China will soon actively begin exchanges of personnel involving top level people.

Company Agrees With PRC To Survey Tarim Basin

OW2712184790 Tokyo ASAHI SHIMBUN in Japanese 26 Dec 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] The Japan Petroleum Corporation disclosed on 25 December that it has agreed with the Chinese side in general to start a geological survey of the Tarim Basin, which is located in the interior of China. The survey could pave the way for striking oil fields in the Tarim Basin, which is expected to be developed into a large oil field.

China, which has thus far independently conducted the survey in the Tarim Basin, has decided to accept a foreign survey team with the aim of striking oil fields in the basin at an earlier date. As far as oil field development and oil production in the inland areas are concerned, however, China remains resistant to foreign capital participation. The Japan Petroleum Corporation wants to establish good ties with China at this stage of survey, hoping that it will change its position on the matter eventually as several Japanese oil development companies are eager to land the rights to explore for oil in Tarim. The corporation will hold consultations with the China Petroleum and Gas Corporation early next year to decide on a schedule for the survey and the areas to be surveyed. The corporation plans to find specific areas for practical oil drilling after years of physically surveying earthquake and oil deposits.

Depending on the areas to be surveyed, the survey might cost from hundreds of millions of yen to billions of yen and the corporation plans to bear all the costs incurred by the survey. The corporation is examining the possibility of requesting enterprises to send their technicians to the survey team if the survey turns out to be large scale.

The Tarim Basin is a vast desert area, 1.5 times as wide as Japan. According to the survey thus far conducted by China, the basin is believed to hold 10 billion tons of crude oil and 8.3 trillion tons of natural gas. The basin is expected to produce more crude oil than the Daqing Oil Field, the largest oil field in China. However, China has until now launched only partial appraisal drilling in the basin.

Government Ban on Korean Workers To Continue

OW2612153690 Tokyo JIJI in English 1252 GMT 26 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 26 (JIJI PRESS)—The Home Affairs Ministry will maintain its policy of not allowing third-generation Korean residents in Japan to serve as clerical workers at local government offices, ministry sources said Wednesday.

The ministry's position, taken as virtually rejecting Seoul's demands, is expected to create a strong reaction from South Korea prior to Prime Minister Toshiki Kaifu's visit to that country slated for Jan. 9-10.

The ministry holds to its principle that public servants involved in executing governmental authority should be Japanese nationals.

Most Japanese municipal and prefectural offices give Korean residents the opportunity to work only as doctors, nurses and other technical workers.

Tokyo and Seoul remain split over this issue as South Korea is seeking greater access by third-generation Korean residents to jobs in Japan's local governments.

To make progress in the talks, the ministry had been considering a variety of new measures, including recategorizing clerical work.

But local offices opposed such changes in the current framework of personnel management.

Government Extends Medical Aid to Mongolia

OW2712172690 Tokyo JIJI in English 1251 GMT 27 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 27 (JIJI PRESS)—The government Thursday decided to extend a grant-in-aid of 450 million yen to Mongolia.

Notes to this effect were exchanged with the Mongolian Government in Ulaanbaatar the same day, government officials said.

The funds will be used to purchase medical equipment necessary for a program to improve basic medical equipment.

It is the first grant aid to Mongolia, the officials said.

Government To Provide Grant Aid to Laos

OW2712172290 Tokyo JIJI in English 1249 GMT 27 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 27 (JIJI PRESS)—The Japanese Government Thursday exchanged notes with Laos in Vientiane, its capital, to provide a total of 165,149,000 yen in grant aid to the Indochinese country.

The amount is equivalent to principals and interests of yen loans which matured in the first half of fiscal 1990. These loans were supplied in fiscal 1988 or earlier.

Article on 'Changing Defense Industry,' Part 3

OW2712211390 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Dec 90 Morning Edition p 10—FOR OFFICIAL USE ONLY

[Third of three-part series: "Changing Defense Industry"—by reporter Nonoichi]

[Text] Recently, the A company, a Japanese manufacturer of aircraft and related products, cancelled its plans to buy out the B company, a Japanese aircraft parts manufacturer. During the final stages of the buyout negotiations during which the companies discussed a price, the A company suggested lowering the buyout price by separating the defense division from the B company. The B company, expressing its intention to comply with the A company's request to separate the defense division, rejected the A company's offer on a lower price. Commenting on the rupture in negotiations, an A company official bit his lips, saying: "It was the best chance for our company to expand production of nonmilitary hardware."

Securing Huge Profits

The Japanese aircraft industry's market has annual sales of approximately 750 billion yen; Defense Agency procurement accounts for 80 percent of the sales. The agency's buying is expected to drop to 500 billion yen after 1993, when the agency is expected to complete planned procurement of major military hardware. The procurement of frontline military hardware under the next-term defense buildup plan will register negative growth for the first time in the postwar era; an adverse wind is blowing toward Japan's defense industry.

A quick solution to this would be for Japan's defense industry to buy out aircraft manufacturers in the United States and Europe. Such a buyout would be unacceptable, however, given the spirit of Japan's "three principles on weapons exports," since a majority of U.S. and European enterprises are supplying weapons to U.S. forces. The most orthodox strategy would be to expand production of nonmilitary hardware at home by participating in international development projects for civilian aircraft and jet engines. Mitsubishi Heavy Industries, Kawasaki Heavy Industries, and Fuji Heavy Industries have decided to develop a new type of jet airliner, the "B-777," on the condition that they will be given 21 percent of the development work after negotiations with Boeing for 14 months. Boeing is expected to receive orders for more than 1,000 aircraft. A quick estimate totals anticipated sales at 13 trillion yen. In view of these figures, the Japanese companies' participation would provide a decisive impetus to expanded domestic production of nonmilitary hardware.

Mitsubishi Heavy Industries began to look for "new areas" in production of nonmilitary hardware by setting up its "Technology Planning Department" last July. This was also the time when the company found civilian helicopter production most promising and when helicopter makers like Sikorsky of the U.S. and France's Aerospatiale approached the company about "joint development of a new type of helicopter." Takaaki Yamada, vice president of Mitsubishi Heavy Industries, is very interested in the offer, saying, "now that we have concluded negotiations on B-777, we want to examine the offer."

These Japanese companies plan to participate in international joint projects for the B-777 and helicopters with the aim of using the projects as a means of expanding domestic production of nonmilitary hardware. International joint development projects follow a formula under which profits are divided in accordance with the participation. Therefore, Japanese companies would be able to earn far greater profits than those which would be earned through subcontracting if orders grow as anticipated.

Direct Influences of Economic Trends

There are nevertheless high risks. Taking the B-777 as an example, Japanese companies must bear more than 100 billion yen in development costs. Japanese enterprises are guaranteed a certain profit when they supply military hardware to the Defense Agency. Demand for nonmilitary hardware, however, is influenced directly by economic trends. Prospects for nonmilitary hardware orders are uncertain; if something goes wrong, a fatal blow might be dealt to companies involved. After 1993 when defense demand is expected to begin dropping, the three Japanese companies will have to shoulder development costs for the B-777. Tiding over this difficult situation will be the most important task for these companies.

Applying Defense-Related Technology to Consumer Goods Production

Kawasaki Heavy Industries, when it concluded a participating contract with McDonnell-Douglas of the U.S. for the development of the civilian helicopter "MDX" (six passengers), agreed with the U.S. company that half of the payments for supplied machinery and apparatus should be made in yen. Although payments for machinery and apparatus for the development of the B-777 will be made in dollars, this method will be reviewed in 1992 as designs are submitted. Among other things, reduction of the risks presented by foreign currency exchange is necessary.

The companies involved are trying hard to apply defense-related technology to consumer goods production. In this respect, heavy industry companies have the advantage of cooperating with their own business divisions. For example, there is a linear motorcar which can travel 500 kilometers per hour; its technology is closer to aircraft technology than conventional railway technology. Kawasaki Heavy Industries is eager to apply aircraft technology to technology for reducing wind resistance and the curvature of railway cars when they run at high speeds. Mitsubishi Heavy Industries has started developing railway cars in cooperation with Tokai Railway Company (JO Tokai) after organizing

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Japan

Iraq Praises Nakasone Peace Plan, Urges Visit

OW0301062691 Tokyo KYODO in English 0606 GMT 3 Jan 91

[Text] Baghdad, Jan. 3 KYODO—Iraqi Foreign Minister Tariq 'Aziz has praised a recent peace proposal by former Japanese Prime Minister Yasuhiro Nakasone and expressed hope for a Nakasone visit to Baghdad, a former Japanese minister said late Wednesday.

'Aziz called for the role of Nakasone and his visit to Baghdad to solve the Persian Gulf crisis when he met former Japanese Posts and Telecommunications Minister Bunsei Sato.

Sato said Nakasone's personal proposal to President Saddam Husayn seeks a comprehensive solution, including withdrawal of Iraqi troops from Kuwait and the settlement of Palestinian problems. Sato handed the proposal to Iraqi First Deputy Premier Taha Yasin Ramadan on December 29, he said. He quoted Iraqi officials as saying the proposal was similar to a peace offer made by Husayn last August 12.

'Aziz conveyed gratitude from Husayn for the Nakasone proposal and said the president hopes for Nakasone's visit to the Iraqi capital, he said. Nakasone visited Baghdad last November to meet Husayn and other Iraqi leaders and won the release of 74 Japanese people in detention.

Sato said he proposed to 'Aziz that Iraq also invites to Baghdad former West German Chancellor Willy Brandt and former Indian Prime Minister Rajiv Gandhi.

In response, a top Iraqi Foreign Ministry official told Sato it would be even better if former U.S. President Jimmy Carter also comes to the city, he said.

'Aziz said it is regrettable that the United States has made no response to direct talks with Iraq although he said his country continues to show its willingness for the talks.

Prime Minister Confirms Plan To Visit PRC

OW0301124191 Tokyo KYODO in English 1224 GMT 3 Jan 91

[Text] Tokyo, Jan. 3 KYODO—Prime Minister Toshiki Kaifu said Thursday he plans to visit China this year.

He first mentioned his intention to visit China in a recent interview with a Chinese magazine and elaborated when asked by reporters to confirm the report. "I told (the magazine) I would like to visit China when there is an opportunity," he said. He said his trip to China should take place this year, although he does not know exactly when.

If the trip materializes, Kaifu would be the first Japanese prime minister to visit China since the Tiananmen crackdown in June 1989.

Islands Dispute High on Agenda of Gorbachev Visit

OW0301061291 Tokyo KYODO in English 0345 GMT 3 Jan 91

[By Tadashi Matsumoto]

[Text] Tokyo, Jan. 3 KYODO—Japan's decades-long policy toward the Soviet Union—connecting politics with economics—faces a major test, with President Mikhail Gorbachev's scheduled visit to Japan three months from now.

This policy is linked with Tokyo's long-standing call for the return of four northern islands, which the Soviet Union seized immediately after World War II. The four islands—the Habomais, Shikotan, Etorofu, and Kunashiri—are all located east of Japan's northernmost main island of Hokkaido. The territories dispute is expected to be high on the agenda when Gorbachev comes to Tokyo in mid-April to become the first top Kremlin leader ever to visit Japan.

Japan has long pursued a policy of linking its degree of economic cooperation with the Soviet Union to the pace of progress in the political arena of bilateral relations, arguing that full-fledged economic cooperation is conditional upon the signing of a peace treaty which provides for the transfer of the four Soviet-occupied islands. However, major Western powers are moving toward assisting the Soviet Union which is suffering from severe economic difficulties.

Even the United States, which along with Britain and Japan opposed a Franco-German call last year for throwing financial support behind Gorbachev, has hinted at a policy change. Secretary of State James Baker has hinted at providing economic assistance to Moscow, saying: "It is very much in the national interests of the U.S. to see the Soviet Union succeed in their efforts to reform politically and to move to a free market economic system."

Washington has already announced that it will propose giving special status to the Soviet Union in the World Bank and the International Monetary Fund (IMF), to which the U.S. is the largest contributor. The international institutions provide financial expertise and concessional lending to developing countries in economic difficulties.

Japanese Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama have been reluctant to expand economic and financial assistance to the Soviet Union, except for humanitarian reasons, until the territorial issue is resolved. The Japanese people, however, are promoting grass roots level movements to send food or medical supplies to the Soviet Union to help the Soviet people over the grueling winter season.

Soviet economic experts say the Soviet Union needs an estimated 18 billion rubles worth of foreign funds over the medium term to break out of its downward economic spiral and it hopes Japan can pick up a share of the funds.

At the official exchange rate, the 18 billion rubles amount to about 32.2 billion dollars. The Soviet Union reportedly needs project loans from Japan to develop energy resources such as oil and coal; raise the efficiency of the country's oil refining industry; improve its dilapidated infrastructure; and boost light industrial production.

Germany, whose reunification last year owes much to Gorbachev's efforts, has launched emergency government and private-sector aid to the Soviet Union totaling some 800 million marks (about 74.4 billion yen), forming the bulk of Western food supplies to help Soviet citizens in winter. German ambassador to Japan Wilhelm Haas says Germany's experience in relations with the Kremlin has shown the linkage of politics with economics has no positive effect on the improvement of relations with the Soviet Union.

Nagao Hyodo, director general of the Foreign Ministry's European and Oceanic Affairs Bureau, says however that Japan has reiterated its position linking economic aid to progress in the territorial issue despite its readiness to grant intellectual assistance to help promote Gorbachev's perestroyka restructuring policy. But a noted Japanese expert on Soviet affairs and professor at the law department at Hosei University, Nobuo Shimotomai, agrees with Haas and maintains that Japan's policy of linking politics and economics is no longer useful in realizing the return of the four Soviet-held northern islands. The Japanese Government must be ready to extend massive economic and financial assistance to Moscow in an attempt to introduce diplomatic initiatives which are certain to increase the possibility of a return of the four islands to Japan, Shimotomai said. Shimotomai said: "The Kremlin will never move to resolve the issue of the northern islands until it can be sure of the extent to which Japan will commit itself to extending economic and financial aid to the Soviet Union."

Haas said no single state can help the Soviet Union due to its intractable problems concerning the economy and the republics. He said industrialized countries should extend international cooperation to help Gorbachev, who is facing a political challenge from conservatives.

Shimotomai said Soviet conservatives do not have the power to change perestroyka and "new thinking" diplomacy. "They only want to stop progress in reforms as they have no clear political vision or strength to do so," he said.

Soviet Union Releases Detained Fishermen

OW3012081290 Tokyo KYODO in English 0647 GMT 30 Dec 90

[Text] Sapporo, Dec. 30 KYODO—A Japanese fishing boat with 15 fishermen aboard was released by the Soviet Union and returned to Nemuro, eastern Hokkaido, early Sunday morning after it was detained for alleged illegal fishing last month.

The cuttlefish fishing boat, No. 33 Horai Maru, from Nemuro, was released Saturday night at Shikotan Island where it was detained after being captured on November 18.

Japanese maritime safety officials said the Soviet Union seized the boat on charges of unlicensed fishing in Soviet economic waters about 260 kilometers southeast of Cape Nossapu, Nemuro.

Soviet Union Requests Banking Assistance

OW0201080591 Tokyo KYODO in English 0729 GMT 2 Jan 91

[Text] Tokyo, Jan. 2 KYODO—The Soviet Union has asked the Export-Import Bank of Japan and several major Japanese commercial banks to establish representative offices there, international financial sources said Wednesday.

The request is aimed at obtaining financial support from Japan and knowledge about banking business, viewed as essential for the transition from a centrally controlled economy to a market economy, the sources said.

The Soviet Union's external debt is estimated at 60 billion dollars.

The request is also designed for the Soviet Union to lay the groundwork for setting up international banking services in Moscow and Tokyo in the future, they added.

The sources said major Japanese commercial banks are responding "positively" to the Soviet request, saying it is necessary to establish a foothold to promote financial cooperation with the Soviets.

The Soviets had been making requests to the Export-Import Bank, the Bank of Tokyo, Sanwa Bank and other commercial banks since last summer, the sources said.

At present, there are about 500 commercial banks in the Soviet Union.

Kaifu Holds New Year's News Conference

OW0101133291 Tokyo NHK General Television Network in Japanese 2330 GMT 31 Dec 90

[Prime Minister Toshiki Kaifu's New Year's news conference with unidentified members of the Cabinet press corps at the prime minister's official residence in Tokyo, on 31 December—recorded]

[Text] [Kaifu] Happy New Year to all of you! Looking back on this past year, I feel that in one sense it seems to have gone by in the twinkling of an eye. In another sense, with so many events taking place simultaneously in this one year, it seems that in fact five or six years have elapsed. In early January, I visited Eastern Europe and witnessed the crumbling of the Berlin Wall. In February, I fought in our general election. In May, I visited Southwest Asia. In July, I attended the Houston summit talks at which measures to be taken with regard to China and the Soviet Union were discussed. The Gulf crisis erupted abruptly, and I have done my best to work out measures in response to the needs of the international community.

During the year, I was both reprimanded and encouraged by the people. This was an unforgettable thing for me. There were many issues affecting us at home and abroad this past year. Last year, I was able to decide on basic guidelines for the ruling Liberal Democratic Party [LDP] with regard to political reform, something which I had promised the people I would do. I will continue to work for political reform. I will do my best this year, and I would like to ask for your continued understanding and encouragement. Thank you.

[Reporter] Happy New Year, Mr. Prime Minister. We now will begin the news conference with the Cabinet press corps. Mr. Prime Minister, you are planning to visit South Korea on 9 January and five ASEAN nations beginning 13 January. Formal talks on normalizing Japanese-North Korean relations are expected to begin sometime in January. I think 1990 was a year which marked great progress in detente in Europe. Therefore, it will be a large task for Japan to bring detente to Asia this year. What sort of plans do you have in mind to ease tension and create a new peaceful order in Asia?

[Kaifu] As you noted in your question, the easing of tensions in Europe symbolically brought peace and stability to the world. The Paris Declaration issued at the Conference on Security and Cooperation in Europe clearly put an end to confrontational relations between the East and the West. This is a desirable trend of history, and I strongly hope that it will take root. At the same time, I made energetic diplomatic efforts in 1990 to bring this trend to the Asian and Pacific region. I also undertook various efforts last year to ease tensions on the Korean Peninsula. As part of my efforts, talks on Cambodian peace were held in Tokyo in 1990.

Regarding my visit to the Republic of Korea, to which you specifically mentioned in your question, it was observed when President No Tae-u visited Japan last May that he and I share a common perception that Japan and South Korea should discard all grudges of the past and build new future-oriented relations from the standpoint of correctly understanding history. Therefore, I plan to visit South Korea to advance this common perception and to undertake efforts to make the friendly relationship between South Korea and Japan become a strong one. I believe that I will achieve this goal. At the same time, we have long urged the DPRK to hold governmental talks. Several rounds of preliminary discussions were held between Japan and North Korea, thanks to the efforts of political parties, and there is now an environment for formal talks to begin in late January. I will continue to work toward easing tensions on the Korean Peninsula, and formal talks are important.

As for Cambodian peace, an agreement has been reached on the establishment of a Supreme National Council proposed by the five permanent UN Security Council members, and I hope that this agreement will develop into a new stage. It is important for the peace and prosperity of Asia that all of the difficult problems faced by individual countries in the region be resolved one by one through a series of policies. I think that I will have to work vigorously for the creation of a new order in Asia.

[Reporter] President Gorbachev will be coming to Japan in the spring. As far as the relationship with the Soviet Union is concerned, a problem exists because the issue of economic assistance—such as food supplies—conflicts with the territories question. What is your position on economic assistance, keeping in mind the principle of linking politics and economics? How do you plan to promote Japanese-Soviet relations when the USSR president visits Japan?

[Kaifu] The Japanese people strongly desire to have a truly stable relationship of friendship established between Japan and the Soviet Union, given that the two nations are neighbors. That is what I believe. The cold war has ended and ideological confrontations between East and West have been terminated. Through its perestroyka policy, the Soviet Union has made clear its political intention to recognize the values of freedom, democracy, and the market economy, and thus to move toward adopting a political and economic system similar to ours and to push for peace and prosperity through cooperation. The Soviet Union is at present undertaking efforts to make this intention a reality. That being the case, Japan will undertake to achieve the best possible cooperation and I hope that perestroyka will be successful.

During this past year, the Soviet Union sent four economic survey missions, as well as other missions with different names, to Japan. The process of modernization, democratization, and the shifting to a market economy on the part of the Soviet Union is instructional to Japan as well. Therefore, Japan provided the maximum possible cooperation to these missions. In addition, there have been exchanges of views and personnel in the technological field.

More recently, the Soviet Union has been experiencing a problem of acute commodity shortages. To help with this situation, the government in its 1990 supplementary budget appropriated funds to provide medical equipment and supplies to the victims of the Chernobyl disaster and funds of 500 million yen each for humanitarian emergency medical assistance and food aid. A fund of $100 million has also been set aside for the transport of such commodities.

The 29 December Cabinet meeting decided that the government should give special tax benefits when private individuals or organizations provide aid to the Soviet Union. In various ways we are providing assistance to help the Soviet Union to deal with its current crisis immediately and also to help it achieve perestroyka on a long-term basis. However, from the viewpoint of Japan, what is important is the issue of the return of four islands and the conclusion of a peace treaty. I do not think that we cannot be without principle with regard to separating politics from economics; the issues of the territories and a peace treaty must be put aside to pursue technical matters.

On the other hand, I want both the peace treaty question and the territories question to be resolved through dialogue while various exchanges and various forms of cooperation are maintained.

There was a common understanding reached between Japan and the Soviet Union when Foreign Minister Shevardnadze visited Japan last year that when President Gorbachev comes to Japan this year, both countries should make the visit a meaningful occasion and undertake mutual efforts to ensure that Japanese-Soviet relations will be drastically improved. Hence, when President Gorbachev visits Japan in April, I will explain to him that if he really wants East-West confrontations to be removed, then not only Europe but also Asia must be taken into account, since the territories issue which will accompany the conclusion of a peace treaty is a residue from the East-West relationship. I will resolutely ask President Gorbachev to make a courageous decision to dispose of the issue as part of the flow of history. I want his visit to become a turning point toward such action. Every day until his visit I will continue to make efforts toward that end.

[Reporter] I will ask you about Japanese-U.S. relations. This year will be the 50th anniversary of the outbreak of a war between Japan and the United States. Recently, U.S. demands on Japan over such issues as the opening of markets are growing. I feel that the government is being faced with a difficult situation. Mr. Prime Minister, you proposed initiatives for improvement in Japanese-U.S. communication, for instance. I would like to hear your view on plans for stabilizing Japanese-U.S. relations in general.

[Kaifu] Speaking in general terms, the relations between Japan and the United States are the most important bilateral relations for Japan. This principle will remain, and I have no wish or desire to change it. As you have noted, 1991 will mark the 50th anniversary of the so-called outbreak of war or the Pearl Harbor attack which brought the so-called Pacific War. Reflecting on this fact and the history leading up to the conclusion of the San Francisco Peace Treaty, Japan must show its determination and swear to the United States, and to the world, that it will never engage in a war of aggression again. This year will be an important one for Japan in that regard.

Turning to economic issues, I tackled the question of the talks on the Structural Impediment Initiatives [SII] after the election last year. I think the issues pertaining to these talks have been resolved. I think the ill feelings that existed between Japan and the United States over the Super 301 provision issue that was raised last year, the issue of computers, the issue of lumber products, and the issue of communications satellites have all been resolved through peaceful dialogue and thanks to mutual efforts.

Henceforth, Japan must continue its sincere efforts to act in accordance with agreements reached at that time. After all, viewing the situation from another angle, this means that in addition to improving Japanese-U.S. relations, the Japanese will also be improving their own quality of life since the SII talks were aimed at enabling Japanese consumers to have more choices. We are continuing efforts to ensure that the results of the talks will bear fruit. Following the Houston summit, I proposed that since the SII talks were finished, we should begin discussions on the communications improvement initiatives. I made such a proposal because I believed that if communications were expanded and Japan and the United States had deeper exchanges—not only on economic issues but on subjects pertaining to culture and life—then we could avoid bringing such unsavory issues as the Super 301 provision question into our bilateral relations.

[Reporter] I would like to ask you about the Gulf situation. With the deadline for the Iraqi troops to withdraw from Kuwait set for 15 January, the Gulf situation is becoming increasingly grave. Mr. Prime Minister, in a meeting with Ambassador Armacost the other day [22 November] you called for an early dialogue between the United States and Iraq.

Meanwhile, President Bush's remarks appear to be swinging back and forth on the matter. What is your own view on the possibility of a peaceful solution? Will you also reveal whether you are studying a plan for providing additional support to the multinational forces?

[Kaifu] Ambassador Armacost came to see me and gave me encouragement with a roast turkey. At that time, I asked him to come into another room and explained to him the fear spreading throughout the world—and I am one of those worried about the situation. I reiterated my requests to the United States to make efforts to reach a peaceful solution.

The United Nations has passed Resolution 678. If this means that anything can happen when the deadline is reached, then it is my feeling that a great problem exists. However, immediately after Iraq took the action to release all hostages, the United States proposed holding a direct dialogue. At that time, I thought that feelings favoring a peaceful solution might be growing on both sides. I could be said to have been too optmistic, but that was how I saw the situation at the time.

The United States asked for direct dialogue. Even though the UN resolution stipulated a 15 January deadline, the fact that the United States proposed to send its men and requested that the other side do likewise is evidence of its strong desire for a peaceful solution and is therefore meaningful. I highly regard the efforts made by the UN Security Council, and I think that the resolution provided Iraq with a final chance for a peaceful solution.

Iraq on its part also made various presentations. For example, it originally had proposed to release all hostages over a three- month period beginning on Christmas Day, but decided to release them without waiting for this designated period. The act of releasing the hostages cannot be praised since the act of taking the people hostage in the first place was wrong. However, the fact that Iraq responded to one of the three conditions put forth in the UN resolution is a representation of its desire for a peaceful solution. That is how I interpret things.

Hence, I sincerely hope that these two nations will be able to talk to one another through direct dialogue. If I remember, it was around 26 September and I was at the United Nations to attend the conference on children. At that time, I listened to President Bush's speech in which he said that if Iraq decides to withdraw from Kuwait, then various chances for dialogue will be provided to deal with the Iraq-Kuwait issue and the Arab-Israeli issue, including the Palestinian question.

Instead of resorting to a war, Iraq should bring its complaints to the attention of the internationa. community. If Iraq has unsettled issues, it should be given a chance to redress them within the accepted international framework. Japan supported UN Resolution 242 and maintains the position that the issue of peace should be resolved under that resolution.

When PLO Chairman 'Arafat came to visit me for talks at my residence last year, it was on the grand premise that the PLO would recognize Israel as a nation and that it would refrain from terrorism. I accepted holding these talks since such a premise was welcomed. Japan has done a great deal to achieve permanent peace in the Middle East. We hope that the United States and Iraq will conduct a direct dialogue. The country which has the key to resolving the crisis is Iraq, while the country which can provide a chance for a decision to do so is the United States. I explained this to Ambassador Armacost and asked him to convey this to President Bush.

In an earlier personal message to President Bush, I expressed this wish of mine. I have also sent my personal message to Iraqi President Husayn, stressing that the world does not want to see Iraq opt for the path of resisting the international community and seeking war, and that if Iraq opts for this path, they will face unfortunate consequences. Thus, I appealed to him to comply with the calls for a peaceful settlement of the crisis. The world and the international community also desire this. I strongly hope that the crisis will be resolved in a peaceful manner. I take this opportunity to ask for a decision to reach such a solution. If that can be done, then Japan is willing to assist in economic reconstruction. Based on the long relations of the past, we can provide various forms of cooperation to Iraq. Regarding a lasting peace in the Middle East, in the message I said that Japan can provide as much international cooperation as possible in line with the principles of Resolution No. 204. In this way, I will strongly seek a peaceful settlement to the crisis.

[Reporter] What about contributions to the multinational force?

[Kaifu] At present, the $1 billion, which Japan has already contributed, has not yet been spent. Another $1 billion incorporated in the supplementary budget was approved by the Diet late last year, and this funding will be provided as Japan's cooperation to the multinational force through the Gulf Cooperation Fund. The money will be used by the multinational force for its activities to restore peace. With regard to Japan's aid to the frontline nations, Japan has already provided needed assistance and has committed $2 billion in aid to those frontline nations facing difficulties. In addition, Japan has been providing financial aid to refugees in Jordan through UN organizations, although their number has now decreased somewhat. We will reconsider increasing this financial aid if necessary. Concerning the multinational force, we have taken necessary measures to ensure that the $1 billion incorporated into the supplementary budget is available to the force.

[Reporter] Next, I would like to ask about the Uruguay Round. It is said that talks will be resumed soon and that they will enter a final phase. On the question of liberalizing rice imports, which has become the biggest issue for Japan, I would like to ask you whether the government will stick to the conventional policy of not importing a single grain of rice, or will the government change this policy?.

[Kaifu] During the time when the Uruguay Round talks were held, I paid attention to the talks and kept in contact with the Japanese delegation by telephone. Each nation has many complex farming problems of its own. As you are aware, there is the so-called Waiver Clause in the United States. Of late, the U.S. Congress enacted a 1990 bill on farm protection. Also, there are the variable surcharge systems and other protective measures in Europe. The United States and Europe have failed to reach any agreement on farm subsidy policies. As you are aware, Japan has a policy of meeting the demand for rice with domestic production. Japan is the world's biggest grain importer and is a nation which among the major nations of the world has the lowest rated level of self-sufficiency for food. Japan's self-sufficiency rate stands at 49 percent in terms of calories and at 30 percent in terms of grain. In addition, we have continued our efforts to ask Japanese farmers to cut back production through the reduction of their farm lands by 30 percent. We have advocated the theory of food security as something peculiar to Japan at the talks. As you are aware, we have failed to win agreement from other nations concerning this theory at the talks. We plan to explain in various ways that Japan is a major food importer, while adhering to the theory of food security. Since each nation has its own difficult problems, I think that we will have to make continued efforts to win the understanding of each nation for Japan's position at the talks in line with our principles.

[Reporter] Now, I would like to ask you about political reform, which is called the biggest task for the Kaifu Cabinet. Last year you stated that you would tackle the task of political reform, staking the fate of your Cabinet on this. The basic guidelines for the political reform were decided late last year. However, there are still substantial debates within the LDP over the constituency allotments and similar issues. Under these circumstances, how do you plan to handle the reform of the electoral system and the question of adjusting the fixed number of members in the House of Representatives, which is said to be in an unconstitutional state? What specific steps do you have in mind for legislative work to that end? I would like to know whether the government will submit bills to the Diet or will the Diet itself take legislative measures to that end?

[Kaifu] I believe it was two years ago that, on the basis of its stern self-examination, the LDP resolved that it must establish political ethics. In accordance with that decision, the party debated a variety of proposals. In the end, I referred the work to the Government's Electoral System Deliberative Council.

I have also been given tough requests concerning politics from persons of learning and experience who think that the worst thing concerning politics is the relationship between politics and money. They ask that both the receipt and expenditure of political funds be reformed. At the same time, they ask why so much money is needed for politics, and said that the cause may lie in the current election mechanism. What about considering changing the current election mechanism? There is no country among the advanced democracies that conducts intermediate constituency elections. Frankly, when two or more candidates from the same party compete in one and the same electoral constituency under the same platform, they do not compete against each other on the basis of policy. The competition boils down to individuals' human relations, territorial ties, blood relations, and other factors [laughter] as someone has said. Accordingly, they say that the electoral constituency system should be changed to a small constituency system, in which one candidate from one party runs in one constituency, as in the advanced democracies. Then, the question of dead ballots for minor parties will arise, and therefore, the proportional representation system as practiced in other countries should be added. To make it easy to understand, I received this kind of recommendations.

As you pointed out, there were a variety of arguments on the LDP's reform outline. When I was inaugurated as prime minister, however, I was presented with an outline from the party headquarters for the reform of the electoral system, and that outline, it said, is the party's basic line. It was then put to debate by people from all walks of life before it was adopted as a party resolution in late December last year. My Cabinet must grapple with this and regard it as its most important task. However, if you think the preparation of a bill and its introduction to the Diet will suffice now that this has been adopted as a party resolution, you are wrong. There is strong opposition to the small constituency system in the party.

On 28 December I called for talks among party leaders. I had them visit me and asked them for their cooperation, explaining that I would be continuing political reform in accordance with this plan adopted by the LDP. Frankly, at present it appears that the LDP is the only party that puts up two or more candidates in one and the same electoral constituency. Sometimes the opposition also puts up two or more candidates, resulting in some winning and others losing. So I reminded them that the LDP is troubled at all times because it has to put up three, four, and even five candidates, and they just laughed. Now, I think that it does not represent a party-centered or policy-centered election when two or more candidates compete with one another in one and the same constituency. So, I think it is an important matter for individuals to require no money for their election campaigns and political activities. The proposed partial revisions to the Public Office Election Law, scheduled to take effect this coming February, have already been approved. They stipulate that corrupt practices involving elections are not to be condoned. While considering strengthening the regulation holding a candidate jointly responsible, we will also make efforts to make it a rule that elections should not cost money. Still, I think it is necessary to change the election mechanism itself. All the opposition parties have agreed to continue with the consultations on this issue. Therefore, I plan to continue striving to win the Diet approval of this Political Reform Bill, while listening to the opposition's views on it.

However, as you have just pointed out, according to a recent bulletin made public on the latest national census, there are eight electoral constituencies with the ratio of 1:3.6. This exceeds the 1:3 ratio, which is used as a yardstick for measuring constitutional violations. Can this problem be solved if one figure is subtracted from one place and added to another under the conventional method? The problem does not seem to be that simple. A mere mechanical calculation shows that there still are a number of reversed constituencies. As opposition leaders pointed out at the party leaders' talks, the 1:3 ratio is no more than a yardstick for trials, and we must reduce it to 1:2. All the opposition leaders unanimously maintained this, and the LDP's political reform outline also calls for reducing the ratio to within 1:2. To reduce the ratio to within 1:2 under the current intermediate constituency system entails extraordinary work, should this task of eliminating reversed constituencies be included. I asked them what would be a possible avenue if they wanted to assume this work under the current system, and requested that they present me their views and proposals. Anyway, there has been no change in my determination that all these problems must be resolved.

Since no one believes that the current system and mechanism are good, I intend to continue moving ahead, and I wish to obtain your understanding and cooperation.

[Reporter] I would like to ask you about another pending issue, that of the UN peace cooperation. An agreement has been reached among the Liberal Democratic Party, Komeito, and the Democratic Socialist Party [DSP] on drafting a new bill. However, it appears that the LDP is saying there will be no progress in the talks unless the government lays the groundwork to a certain extent. The government, on the other hand, is saying that it finds it difficult to begin drafting a new bill because there is no clear agreement with the party. So, we get the impression that the two sides are only throwing balls at each other. Now, Mr. Prime Minister, you are concurrently president of the party. In that capacity how are you going to demonstrate your leadership concerning this situation? My second question is, when are you considering introducing this new bill? Next, what is your perception about the results generated at the last Diet session on the question of the participation of the Self-Defense Forces [SDF]? Do you think that the participation of the SDF has now been completely ruled out? I want to ask you about these three points.

[Kaifu] I regretted very much that throughout the debates at the last Diet session the bill was viewed from the angle of war or peace. We did not have the slightest idea of Japan dispatching combat units overseas in order to participate directly in the exercise of armed force. Therefore, the peace cooperation bill introduced by the government at that time was meant to render the prescribed peaceful cooperation under UN resolutions, just as its name indicates, unaccompanied by intimidations of armed force or the exercise of armed force. I believe that through the debates we won some understanding from the Komeito and the DSP among the opposition parties. So, it was agreed that in order to make amends for the killing of the bill, the three parties would seek to work out the manner in which new avenues of cooperation would be displayed under the agreement reached among the three parties. Now, I think that this is a very important germination. Therefore, the government should continue its efforts in accordance with the basis of the three-party agreement and get the new bill enacted. I am already considering that the Cabinet should play a central role in continuing that work.

The Japan Socialist Party [JSP] has a proposal for the establishment of a UN peace cooperation organization. A careful perusal of the JSP proposal shows that it is entirely identical to our own regarding the creation of a UN peace cooperation corps with the nonuse of intimidation or the exercise of armed force. The JSP has also proposed supporting the peacekeeping operations of the United Nations in such areas as transport, communications, medicine, and other peacekeeping operations. Now, you asked whether or not the SDF would be employed in this endeavor. The package of contributions we made public at that time did not call for the complete employment of the SDF. It called only for the incorporation of SDF personnel within the proposed peace cooperation corps. Thus, SDF personnel would have become members of the peace cooperation corps and would have engaged in activities unaccompanied by intimidation or the exercise of armed force, just as the JSP proposal now calls for. Anyway, the bill was killed and I take this seriously. This, I think, means that a separate bill with a new format should be made in accordance with the three-party agreement. The JSP made public its peace cooperation corps concept, and it has something in common with the LDP's. Therefore, we will exchange views thoroughly on those points and, if an agreement should be reached, the government will respect the points of agreement and retain them in the draft of the new bill. The government intends to continue in its efforts to find points of agreement on a new international cooperation package.

[Reporter] Mr. Prime Minister, this is in connection with my earlier question, and concerns actions taken since the UN cooperation bill was scrapped. There was a reshuffle of LDP executive posts and the Cabinet late last year, but all those in the party or the Cabinet who were responsible for drafting and presenting the UN cooperation bill were retained in their posts. The people have made serious claims that the bill was in conflict with the interpretation of the Constitution. Consequently, the Diet decided to scrap the bill. Since then, time has passed, and the sense of responsibility for this situation has thinned and faded. But there actually is a spreading feeling that three parties—the LDP, Komeito, and the DSP—should be held responsible. We think, therefore, that actions regarding the matter hereafter will have very important meanings.

Your explanation today smells strongly of the intention to carry on the matter pursuant to an agreement of three parties. You are not making clear what plan you have in facing this question, which includes the issue of what part the SDF should play as well as the issue of creating a new organization. We have no alternative but to feel confused. Can you explain the essence of the plan to deal with this question?

[Kaifu] Had the government been successful in having its will understood by the Diet during the deliberations, the UN cooperation bill would have been passed. As stated in the Constitution, the Diet is the supreme organ of state power, and is the sole law-making organ of the state. Hence, a decision of the Diet is crucial, but the government failed in its efforts to have the bill passed by the Diet.

On the other hand, if there was some kind of agreement among three ruling and opposition parties of the Diet in relation to this question, I believe, it is only natural that that agreement should be respected. There was agreement that the people's participation in cooperation efforts is important. Since there were efforts to have the bill passed, based on that agreement, it is only natural that the government should have valued the importance of the agreement of the three parties. Furthermore, the JSP, the major opposition party of the Diet, has subsequently announced a proposal for the establishment of a UN cooperation force, an organization with the same name and with various similar points as that previously proposed by the government. Do you think it wrong for the government to respect this proposal and to draft a bill which, this time, will obtain the approval of the Diet? We do not want to introduce a new bill only to have it scrapped again. As long as it is presented, we want to have the approval of the supreme organ of the state. I think it only logical that the government should think that way. The government will make efforts toward formulating that kind of bill. This point has been well explained to the three executives of the party.

[Reporter] Do you plan to have the bill introduced to the Diet by the LDP or the government?

[Kaifu] If the government prepares and submits the bill, the government can then follow it up with negotiations afterwards. Once the Diet starts discussion of the bill based on the agreement of the three parties, the government hopes that it will be passed. That is the strong desire of the government.

What form the bill's presentation will take in order to get it to the Diet is not important. What is important is to decide what form of cooperation Japan can have with the international community, and this must gain the approval of the Diet before the eyes of the people. The government will do everything to achieve this important purpose.

[Reporter] Successive Cabinets have set forth policy goals to lead the people. For example, there was the policy goal aimed at recreating home towns and the policy goal aimed at liquidating the post-war politics. I wonder whether the Kaifu Cabinet has such a policy goal?. I think that perhaps you may call the political reform the policy goal of your Cabinet. I think that the Kaifu Cabinet inherited the political reform from previous cabinets and is dealing with it as a follow-up measure in a passive way. Have you considered setting forth clear policy goals for your Cabinet in greeting the new year?

[Kaifu] The political reform is very important and when my Cabinet was inaugurated it was charged with the mission of implementing this reform. Therefore, I will continue with the political reform. Regarding your request for fresher policy goals, I think that the biggest domestic issue to be urgently tackled by my cabinet is the land issue. In the eyes of the people, land prices have jumped too much. The people are saying that this represents social unfairness and that they might face financial losses. I believe that the land issue has given the people an impression that social unfairness exists. Land has become subject to speculation, and its prices have increased steeply. I think that the people hope to prevent land prices from climbing endlessly. Since the Basic Land Law was enacted, a prevailing view has been forged among the people that the land belongs to the public and should not be subject to speculation.

From a realistic viewpoint, however, we have to employ various policies. We have to curb land-related loans. There are figures indicating that the land-related loans are being curbed. Ruling and opposition party legislators, at a joint session of both houses of the Diet on 17 November last year, adopted a resolution calling for serious consideration about decentralizing government functions from the capital. I think that the legislators adopted the resolution with the aim of easing overconcentration in Tokyo and resolve the land issue. The Financial and Tax System Survey Panel of the LDP has decided to ask the government to guide banking institutions, while reviewing land-related loans every month based on released economic statistics. The government and the ruling party view the land measures as important. If you ask me to speak about more forward-looking things since the political reform is an inherited policy goal, my answer is that I will work diligently on the question of reforming the land system. This will not be the only policy goal to be pursued by my Cabinet.

[Reporter] The biggest task of the Kaifu Cabinet is the political reform. I think that it is necessary to make a partial implementation of reform. For example, there is an amendment to the Political Fund Law. I think that this is one way to gain the people's understanding.

[Kaifu] I agree with your suggestions. We need to strengthen the function of the Political Ethics Deliberation Council with the aim of establishing political ethics, and to legislate to establish political ethics including the publication of each politician's assets. In this regard, the LDP has already drafted a bill and submitted it to the Diet. I think that we will have to make further efforts to have the bill passed at the Diet. The Cabinet members agreed to take a firm mental posture and a fair and just attitude without engaging in stock transactions at the time when the new Cabinet was inaugurated. The Cabinet members have also agreed to leave their stocks in trust.

[Reporter] Mr. Prime Minister, you have just mentioned that the Diet is the supreme organization of state power, and I am aware of this fact. Regarding the UN peace cooperation bill, the bill was viewed as a measure to send personnel to the Middle East. There is virtually no prospect of how and when a consensus would be forged on a new organization. Although the UN peace cooperation bill was aimed at sending personnel to the Middle East, if Japan fails to send personnel in time to the Middle East after the Gulf crisis is settled, do you think that the government can avoid the responsibility for this, claiming that it could not make any contributions to the region because the Diet is the supreme organization of state power?

[Kaifu] First of all, it was not a bill calling for doing something about the Gulf crisis in the Middle East. If you read it carefully, I think you will understand this. It contained provisions stipulated under Article 3, which pertain to various questions that arise when the United Nations endeavors to restore peace, including election supervision. These provisions have almost nothing to do with the current Middle East situation. And, had it been approved at the last Diet session, that bill would have made the dispatch of medical teams and cooperation in terms of supplies and transportation possible. However, that is not the end of the matter. Concerning the Gulf crisis in the Middle East, the government is continuing efforts within the scope of its power, however insignificant they may be, with regard to cooperation in terms of supplies and transportation. Since there are neither rules nor any mechanism, there is no other way but to make requests to civilians. Regrettably, there is no binding force and there are various restrictions. That is why the government could not do anything significant, which is also the reason you scolded us. Therefore, we have resorted to such means as chartering foreign airplanes and ships or providing funding for things done by foreign countries on behalf of Japan. However, I believe we have done what we could within the extent of our power. As long as Japan is a law-governed state, it is impossible for the government to arbitrarily carry out something which is not approved by the Diet. So, if the Diet does not give its approval, the government is unable to act. We cannot help it. If you say that the international community will not recognize this, then we will be put in an embarrassing position. The government requests approval by the Diet, and adds to our Gulf cooperation fund whatever amount the Diet approves. That is the way we are doing things. I think that this is a strict rule in a law-governed state, and we intend to continue making as many efforts as possible in the days ahead.

[Reporter] Well, this concludes the news conference. Thank you, Mr. Prime Minister.

[Kaifu] Thank you very much.

KYODO Assesses Kaifu's Political Prospects

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[By Jocelyn Ford]

[Text] Tokyo, Jan. 2 KYODO—Prime Minister Toshiki Kaifu faces the new year with sagging popularity ratings, and his political fortunes linked to the unpredictable flow of world politics.

But barring any spectacular foreign policy failures, analysts say Kaifu is likely to stick out his two-year term, ending in October, because the prime candidate for his position, former Foreign Minister Shintaro Abe, is in poor health, and the ruling Liberal Democratic Party [LDP] is in disarray over a successor.

Kaifu faces a host of important international hurdles in the first part of the year. Pressure will continue to mount on Japan to open its rice market when the Uruguay Round of multilateral trade talks reopens in January.

If war breaks out in the Persian Gulf, Japan will face intense pressure to play a more visible role in the Western alliance, and it will be up to Kaifu to shape policy on an issue that Japanese policymakers clearly wish would just go away.

A historic visit by Soviet President Mikhail Gorbachev slated for April could be a windfall for Kaifu if progress is made on the dispute over ownership of four islands off Hokkaido, occupied by the Soviet Union since World War II. But the summit could backfire if Japan's expectations are not met.

Kaifu is also pressing for an early spring visit by U.S. President George Bush, first proposed by Bush last October. Washington, facing uncertainty in the Gulf, has been reluctant to set a date.

"If Kaifu can successfully face these events, then his position will be more stable," says Mitsuru Uchida, professor of political science at Waseda University.

But rather than his handling of world events, it is the absence of immediate competition that is likely to keep Kaifu, originally seen as a stopgap leader, in the prime minister's office.

Kaifu, who turned 60 on Wednesday, seems to have a knack for riding high on the falterings of others.

The former education minister came to power by default when the most likely candidates for the premiership were disqualified by their implication in the Recruit stock scandal.

Most recently, the surfacing of a new political scandal in December helped him resist pressure from within his party to exonerate tainted politicians by including them in his new cabinet, launched on December 29.

Former Environment Agency Chief Toshiyuki Inamura was indicted on charges of tax evasion on stock dealings two days before Kaifu reshuffled his cabinet.

Critics have faulted Kaifu for lacking "direction" and vision, but his leadership—or apparent lack of it—has also helped him escape relatively unscathed from bungled policies.

"He is like (former U.S. President) Ronald Reagan. He makes a lot of mistakes, but is not damaged by the failures," says Takashi Inoguchi, professor at the University of Tokyo.

The failed U.N. Peace Cooperation Bill, once regarded as a potential centerpiece for Japan's post-cold war role, is a case in point.

In a New Year's message, Kaifu took credit for generating a consensus among opposition parties that Japan must find a way to get more involved in international peace issues such as the Gulf crisis.

The consensus that Japan should provide personnel—not just money—to help resolve international crises came after the government bill was killed in parliament. It would have allowed the overseas dispatch of Japanese military personnel for the first time since World War II.

The government's disorganized response to the Gulf crisis was also seen as a key cause of a drop in Kaifu's support rating from a high of 63 percent in June to 52 percent in December.

Besides helping to smooth relations with the United States, Kaifu has not accomplished much, says Robert Orr, head of the Kyoto Center for Japanese Studies and associate professor at Stanford University.

Analysts are split on whether the post-Kaifu era will see a return to power of the ruling party's top four faction leaders, who were forced to set aside their aspirations after being implicated in the Recruit scandal, or whether the mantle will be passed to more youthful politicians.

Assuming that Kaifu lasts until October 30, there is a chance that he will win another term by default if the party cannot agree on a successor but odds are that he will be replaced.

Here is a look at some of Kaifu's possible successors: The faction leaders:

Shintaro Abe, 66, a former foreign minister, is considered the top runner for the prime ministership, but his chronic poor health has jeopardized his chances. Abe took the lead in softening Japan's stance toward the Soviet Union a year ago when he offered to launch economic and personnel exchanges during a visit to Moscow as head of an LDP mission. His cancellation due to illness of a second trip to the Soviet Union planned this past fall cast further doubt on his chances to become prime minister.

Kiichi Miyazawa, 71, a former finance minister, recently suffered a loss in prestige when Kaifu refused to include his favorites in his latest cabinet and party lineup. Miyazawa has kept a high profile in the past year by shuttling to the United States, China, and Europe as head of parliamentarian missions. He speaks English fluently and served as secretary to the finance minister before leaving a successful career in government for politics.

Michio Watanabe, 67, also a former finance minister, took over the faction of former Prime Minister Yasuhiro Nakasone in the wake of the Recruit scandal, which was traced to Nakasone's days in office. A former straw hat peddler and an accountant by trade, Watanabe is deemed a populist. His untempered frankness has also brought him trouble, such as in 1988 when he said that American blacks, unlike the Japanese, have no qualms about going into debt. In his early years in parliament, Watanabe led a right-wing group of legislators, the Seirankai.

Noboru Takeshita, 66, resigned as prime minister in June 1989 to take responsibility for the Recruit scandal. He has remained influential in personnel and policy management, although it is not clear whether he wants to be prime minister again. Takeshita has kept a low public profile. As founder of the largest faction, he is certain to play a major role in determining whether to pass on leadership to the next generation.

LDP Secretary General Ichiro Ozawa, 48, has had a major role in forming policies since Kaifu came to power. Ozawa was instrumental in creating a role for Japan's military in the failed Gulf aid bill. He has not yet served as minister of foreign affairs or finance, the two posts regarded as a training ground for the prime ministership. However, he is backed by Shin Kanemaru, leader of the Takeshita faction and regarded as one of the most powerful figures in the party.

Finance Minister Ryutaro Hashimoto, 53, is regarded as Ozawa's archrival. Hashimoto has served as a transport minister and LDP secretary general. He and Ozawa are both from the Takeshita faction. Hashimoto, a competent orator, is popular with the public. He has let close associates know that he is dissatisfied with the current lack of leadership as Japan searches for a new foreign policy to suit the post-cold war era.

Tokyo To Join Plan on Banning Nuclear Exports

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[Text] The government has decided to take part in a plan to draw up international rules banning export of a wide range of products to countries with the potential to make nuclear arms. The ban will include products not only related to nuclear arms production but also peripheral machinery like tooling machines.

This decision is in response to the U.S. Government's confidential request to Japan and EC countries like Germany and France to participate in the plan. The plan is aimed at restricting exports not only directly connected with nuclear arms production, such as nuclear reactor facilities, but also covers an extensive range of peripheral materials and equipment such as special steel and tooling machines that are necessary for making nuclear weapons. The countries to be subjected to these rules will be Pakistan, North Korea, and Iraq, all of which have the potential to develop nuclear weapons.

The formulation of the international rules will be discussed at the high working-level negotiations of the COCOM—Coordinating Committee on Multilateral Exports Control—to be held in February this year. Germany has already expressed its position of supporting the plan in principle, but other EC-member nations have yet to make their positions clear.

The Japanese Government recognizes the need for a system to prevent the proliferation of nuclear arms following the end of the East-West cold war, and has hence decided in principle to participate in the plan. However, since the new rules on export restrictions are related to many high-tech products in which Japanese industry excels, the government plans to demand that the types of products and technological information restricted under the proposed rules be extremely limited.

Defense Budget Emphasizes Logistics Over Guns

OW2912031190 Tokyo KYODO in English 0151 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Japan's draft defense budget for the next fiscal year, approved by the cabinet on Saturday, placed more emphasis on improving logistics than on frontline weaponry, reflecting the relaxation in East-West tensions.

The defense budget for Fiscal 1991, which begins in April, called for spending of 4,387.0 billion yen, a 5.47 percent increase compared with the initial budget for the current fiscal year, and the lowest growth rate in three years.

As a share of the nation's estimated Gross National Product (GNP), the amount will come to 0.955 percent, the lowest since Fiscal 1983, when it was 0.98 percent, the Finance Ministry said. The Government estimates Japan's GNP for the next fiscal year at 459.6 trillion yen in nominal terms.

The "1-percent-of-GNP" ceiling on defense spending, set by former Prime Minister Takeo Miki in 1976 to check its expansion, was breached in Fiscal 1987 under then Prime Minister Yasuhiro Nakasone and in Fiscal 1988 and 1989 under then Prime Minister Noboru Takeshita.

Citing the eased international tensions, the Finance Ministry on Tuesday proposed a 5.1 percent increase in defense spending, which would have been the smallest gain in 31 years.

In later negotiations between the Finance Ministry and the Defense Agency, the ministry restored cuts it had made into the agency's requests, allowing it to procure 28 "most modern" 90-type tanks, fitted with 125-mm guns and worth 32.1 billion yen apiece, one missile-carrying Aegis ship worth 122.7 billion yen, and eight F-15 fighters worth just over 9 billion yen apiece. The agency had originally requested funding to buy 34 90-type tanks, one Aegis ship, and 11 F-15 fighters.

Defense Agency chief Yozo Ishikawa said, "Our hopes for improving logistics and the living standard of defense personnel have been achieved."

Under the just-approved defense budget, 35.9 billion yen was allocated for military barracks in 83 spots throughout the country and 33.9 billion yen for 1,815 housing units for defense personnel.

The shift in priority from guns to logistics is in line with the five-year defense program which the Government announced on December 20. The program, which is also to start in Fiscal 1991, calls for overall expenditures totaling 22.75 trillion yen for an annual average increase of 3 percent, or about half the 5.4 percent annual growth under the preceding five-year program.

The defense budget set aside 177.6 billion yen to help shoulder the costs of keeping U.S. Forces in Japan, up from 168 billion yen in the current fiscal year.

Of the total, 10.2 billion yen is to pay for heating, water, and other utilities, as well as to foot the payroll for Japanese workers at U.S. bases.

The shouldering of utilities and pay costs will reach 84 billion yen in Fiscal 1995, the final year of the five-year defense program, when Japan's share of overall costs will reach 50 percent from 39 percent at present.

Opposition Rejects Single-Seat Constituencies

OW2812133190 Tokyo KYODO in English 1300 GMT 28 Dec 90

[Text] Tokyo, Dec. 28 KYODO—Leaders of opposition parties on Friday unanimously expressed strong opposition to introduction of a single-seat constituency system for elections in the House of Representatives.

The ruling Liberal Democratic Party (LDP) on Tuesday announced its electoral reform plan featuring a reduction in the number of seats in the powerful lower house and introduction of a combined-single seat constituency and proportional representation system for the lower chamber elections.

Prime Minister Toshiki Kaifu, who also serves as president of the LDP, met separately with opposition leaders in the Diet to brief them on the LDP electoral reform plan and to hear their views on it. Kaifu and the five opposition leaders, however, agreed to continue discussions on political and electoral reforms among the ruling and opposition parties.

In talks with Kaifu, Takako Doi, chairwoman of the largest opposition Japan Socialist Party (JSP), urged Kaifu to implement political reforms and to establish political ethics standards, saying that the LDP has sidestepped the political reform problem by replacing it with the election system issue.

Masaharu Gotoda, who was attending the Kaifu and Doi talks, said that it is important to simultaneously implement the political and electoral reforms. Gotoda, former chief cabinet secretary, now serves as deputy head of the LDP's Political Reform Headquarters.

Koshiro Ishida, chairman of Komeito, the second largest opposition party, called on Kaifu to first redress the disparity in the value of votes between sparsely populated rural and heavily populated urban constituencies in both the upper and lower houses.

Tetsuzo Fuwa, chairman of the third-ranked opposition group, the Japanese Communist Party (JCP), expressed opposition to setting up an official subsidiary system for political parties. The LDP's plan called for establishing such a system to provide financial assistance to political parties.

Keigo Ouchi, chairman of the middle-of-the-road Democratic Socialist Party (DSP), pointed out that the prime minister's power to dissolve the lower house would be restricted under the current disparity in the value of votes. In response, Kaifu said that the disparity in the value of votes is not good from a political viewpoint.

The Supreme Court has ruled that if the number of voters per seat is three times or larger than another voting group in the lower house elections, it is a violation of the Constitution, which stipulates that all people are equal under the law.

According to a recent survey by the Home Affairs Ministry, the worst disparity between the number of voters for each member is one voting group which is 3.23 times larger than another, up from 3.15 times last year.

Kajiyama Named Head of Diet Affairs Committee

OW2912112890 Tokyo KYODO in English 1051 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Former Justice Minister Seiroku Kajiyama, who came under fire for his racist slurs against black Americans, was appointed Saturday as chairman of the ruling Liberal Democratic Party's Diet Affairs Committee.

Kajiyama, who was replaced as justice minister by Megumu Sato the same day, again made an apology for his remarks after he stepped down from office. Kajiyama told reporters that he should take responsibility for remarks that caused outrage in the United States, which he said undermined Japan's national interests. "I feel relieved now that I quit my post," he said.

After touring a red-light district in Tokyo on September 20 shortly after he was appointed justice minister, Kajiyama compared foreign prostitutes in Japan to American blacks, saying they "ruin the atmosphere of the neighborhoods they move into." He later retracted his remarks and apologized.

Kajiyama said Saturday he will make efforts to instill awareness about human rights among young people in Japan.

Ehime Prefecture Governor Reelected

OW2912134390 Tokyo KYODO in English 1325 GMT 29 Dec 90

[Text] Matsuyama, Dec. 29 KYODO—Incumbent Governor Sadayuki Iga was reelected in Ehime Prefecture on Saturday, defeating Communist-backed rival Yoshitaka Kinugawa.

Iga, 65, supported jointly by the Liberal Democratic Party, Komeito, and the Democratic Socialist Party, garnered 416,864 votes against 97,116 votes for Kinugawa, head of the Niihama Kyoritsu Hospital.

Iga ran under the slogan "development of local culture," with the support of some 800 civic and other organizations. He was also aided by the failure of the Japan Socialist Party to field a candidate.

There was no major election issue, and voter turnout was 45.86 percent, a new record low. The previous low record, at 55.61 percent, was set in the previous election four years ago.

Overseas Development Assistance Budget Increased

OW2912050490 Tokyo KYODO in English 0137 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Foreign aid won the largest increase of any major category in the Fiscal 1991 budget approved by the cabinet Saturday, with financial aid to the developing countries hardest hit by the Persian Gulf crisis especially prominent.

Japan's Official Development Assistance (ODA) outlay, to be implemented from April 1, totals 883.1 billion yen, up 8.0 percent from the initial budget for Fiscal 1990, compared with 8.2 percent growth last year.

Foreign Minister Taro Nakayama expressed satisfaction with the 8 percent increase, saying that, "We are smoothly getting closer to the final goal of the five-year, 50 billion dollar fund recycling program." The five-year plan, which began in 1988, aims at doubling Japan's ODA over the preceding five year period.

The Fiscal 1991 budget would rank Japan as the world's leading ODA donor on a dollar basis for the third straight year. Japan provided 9.13 billion dollars in 1988 and 8.96 billion dollars in 1989 in foreign aid. Of the outlays, some 302 billion yen was set aside for assistance to the so-called frontline nations hit hard by the crisis in the Persian Gulf—Egypt, Jordan, and Turkey—through Japan's Overseas Economic Cooperation Fund (OECF). The OECF is a major governmental body which implements ODA programs for bilateral aid, including yen loans.

Japan pledged in September to extend 2 billion dollars in aid to the frontline nations to offset the impact of the trade embargo against Iraq on their economies.

The Fiscal 1991 ODA budget plan also includes outlays for programs aimed at improving the quality of Japan's ODA.

Bilateral grant-in-aid funds for economic development increased 6.5 percent from the current fiscal year to 172.6 billion yen to help the poorest countries promote their economic development.

Total bilateral grants amounted to 212.5 billion yen, up 5.7 percent when added to 39 billion yen in food aid and food production aid.

Funds totaling 29.4 billion yen were allocated as united grant assistance for structural adjustment support to nations in sub-Saharan Africa. Japan pledged at the 1989 Paris summit to extend 600 million dollars for this purpose over three years, starting in Fiscal 1990.

To promote cooperation with nongovernmental organizations (NGO), 280 million yen was allocated, the full amount the Foreign Ministry requested.

For the Japan International Cooperation Agency (JICA), in charge of most technical cooperation at the governmental level, 134.1 billion yen was allocated.

Funds To Support International Labor Approved

OW2912042590 Tokyo KYODO in English 0157 GMT 29 Dec 90

[Text]Tokyo, Dec. 29 KYODO—The Government on Saturday approved disbursement of 12.3 billion yen in its Fiscal 1991 budget as special funds for promoting international labor cooperation, up from 8.72 billion yen for the current fiscal year, Labor Ministry officials said.

The appropriation is included in a 5.5 trillion yen budget allocated to the Labor Ministry for the next fiscal year, beginning on April 1. The total, approved at a special cabinet meeting, represents a 6.8 percent increase over the current fiscal year.

The 12.3 trillion yen labor cooperation budget includes 90 million yen to be spent specifically to promote technical and labor management personnel training programs in Czechoslovakia, Hungary, and Poland through the International Labor Organization (ILO).

This will be the first time for the ministry to undertake a program of this kind for the three East European countries.

The Labor Ministry budget also sets aside 3.3 billion yen as contribution to the ILO for Fiscal 1991, up from 2.7 percent billion yen for Fiscal 1990. Also, the ministry will spend 1.19 billion yen on programs for training of technical and management personnel from developing countries in Japan.

Apart from the labor aid to other countries, the Labor Ministry will use 298 million yen, up 9 million yen from the current fiscal year, to help Indochinese refugees who have settled in Japan find employment.

Company Refutes U.S. Objections on Takeover Bid

OW2912060990 Tokyo KYODO in English 0516 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Nippon Sanso K.K.'s proposed takeover of a U.S. gas cabinet maker will not violate U.S. antitrust laws despite opposition by the U.S. Department of Justice, the Japanese company's spokesman said Saturday.

Commenting on the U.S. move of filing an antitrust suit against Nippon Sanso to block its acquisition of U.S. Semi-Gas Systems, the spokesman said, "It's a completely unexpected decision."

"The share of Semi-Gas Systems in the U.S. market is about 40 percent. You can add to that the 1 to 2 percent share of Matheson Gas Products and we're still certain that it still won't infringe on the Antitrust Law," he said. He added, "We can't understand what the real intention of the U.S. Department of Justice is. We're planning to talk with lawyers in the U.S."

Nippon Sanso and Semi-Gas Systems are two of the world's largest manufacturers of gas cabinets. The Japanese maker produces and sells gas cabinets in the United States through its wholly owned subsidiary, Matheson Gas Products.

Matsushita Completes Acquisition of MCA

OW3012081990 Tokyo KYODO in English 0532 GMT 30 Dec 90

[Text] Osaka, Dec. 30 KYODO—Matsushita Electric Industrial Co. has completed its acquisition of the U.S. entertainment giant MCA Inc. by buying about 97 percent of issued shares at the expiration of a 66-dollar-a-share tender offer shortly past Friday midnight EST (2 P.M. Saturday Japan time), the Osaka-based company announced Sunday. The share tender offer for MCA opened November 30.

Matsushita's purchase of about 82.6 million MCA shares cost about 6.1 billion dollars (about 790 billion yen), the most expensive purchase ever of a foreign enterprise by a Japanese corporation.

Matsushita's arch-rival Sony Corp. last year purchased Columbia Pictures Entertainment Inc. at a cost of 3.4 billion dollars (about 480 billion yen).

Matsushita is expected to complete all procedures for a formal acquisition of MCA by mid-January.

In his announcement of the expiration of the share tender offer, Matsushita President Akio Tanii pledged his management would strive to contribute to the whole world through the MCA acquisition.

Firm Begins Construction of Steel Plant in USSR

OW2912090790 Tokyo KYODO in English 0846 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Kawasaki Steel Corp. said Saturday it has started construction of a color steel sheet manufacturing plant at a steel factory south of Moscow.

The company said the facility worth about 10 billion yen was ordered by a heavy machinery export corporation through Nissho Iwai Corp. It said construction supervised by about 20 experts sent by the company is scheduled to be completed in September next year. The company said the facility will have an annual capacity of 140,000 tons, and will be established at a steel plant about 400 kilometers south of Moscow.

The plant will produce color steel sheets, measuring 90 to 185 centimeters wide and 0.35 to 2 millimeters thick, for shipments to home appliances, automobile, and construction companies. The steel plant is the third largest steel making facility in the Soviet Union. Equipped with 14 continuous casting units, the facility has an annual capacity of 10 million tons of crude steel.

Niigata Takes Lead in Coastal Trade With USSR

OW2812130790 Tokyo KYODO in English 1234 GMT 28 Dec 90

[Text] Tokyo, Dec. 28 KYODO—Niigata moved ahead of Toyama in the first half of 1990 in coastal export trade with the Soviet Union, Japan's semiofficial Trade Promotion Agency announced Friday.

The Japan External Trade Organization (JETRO) said that Toyama, which had led previously, saw its exports to the Soviet Union decline, due mainly to difficulties in Soviet payments for imports. However, Toyama's imports of crude oil from China saw a steep increase.

JETRO conducted a survey on Sea-of-Japan coastal trade with the Soviet Union, China, and South Korea against a background of improving economic ties between South Korea and the Soviet Union and South Korea and China as well as ongoing economic reforms in the Soviet Union.

The survey was based on trade statistics compiled by Customs, covering trade through groups of ports under the jurisdiction of individual customs offices.

Exports to the Soviet Union through a cluster of three ports in Niigata Prefecture, where both the local government and the private sector are very active in promoting trade with the Soviet neighbor, totaled 23.9 billion yen in the first half of the year, a steep 97 percent gain from the year before.

Exports to the Soviet Union through three Toyama Prefecture ports, including Fushiki, fell 8 percent to 16.6 billion yen in the half-year.

Exports to that country through groups of ports served by single customs offices in Tsuruga, Shimonoseki, and Kitakyushu also suffered setbacks, also reflecting delayed Soviet payments for imports.

Hokkaido retained its lead in imports from the Soviet Union, although Kitakyushu is looming large as a place for offloading Soviet goods. By contrast, imports from the Soviet Union through the three Niigata ports were sluggish despite their status as leading export ports.

Exports to China through virtually all Sea-of-Japan coastal ports suffered setbacks, mirroring the lingering effects of the June 1989 Tiananmen Square incident, JETRO said. By contrast, imports from China through most ports posted marked gains. Imports from China through the three Toyama Prefecture ports totaled 12.5 billion yen, up 185 percent from the year before. This sharp increase was due chiefly to a threefold jump in crude oil imports from China. The value, the second highest ever, drew closer to the 17 billion yen worth of imports from China recorded by the group of two Kitakyushu ports, which ranked top. Imports of Chinese textiles and fishery products through Shimonoseki both witnessed appreciable increases.

While Japan's total imports from South Korea in the first half of the year were up only 1 percent, imports from that country through Sea-of-Japan ports posted double-digit and treble-digit advances. Shimonoseki port, in western Japan, held an overwhelming lead in imports from Korea.

Iran Requests Feasibility Study on Steel Plants

OW0201080791 Tokyo KYODO in English 0743 GMT 2 Jan 91

[Text] Tokyo, Jan. 2 KYODO—Kobe Steel Ltd. has received an Iranian order for undertaking a feasibility study to build two integrated steel plants with annual production capacity of one million to two million tons, company officials said Wednesday.

The order came from a public corporation affiliated with Iran's Mines and Metals Ministry, the officials told KYODO NEWS SERVICE.

The construction of steel mills forms part of Iran's five-year economic reconstruction plan, which started in 1989 following the end of its war with Iraq.

Construction cost for the two steelworks is estimated at 100 billion to 200 billion yen, and Kobe Steel has been asked to help build the plants.

Kobe Steel is planning to seek financial assistance from the Export-Import Bank of Japan and other governmental financial institutions, company officials said. They also said the feasibility study will continue until the end of this year.

Companies To Proceed With Qatar LNG Project

OW0301082491 Tokyo KYODO in English 0741 GMT 3 Jan 91

[Text] Tokyo, Jan. 3 KYODO—Mitsui and Co. and Marubeni Corp. said Thursday they have promised to push ahead with the long-stalled Qatar Liquefied Natural Gas [LNG] Project this year as Chubu Electric Power Co. is willing to purchase some four million tons of LNG a year over 25 years.

The project is being undertaken at the North Field, off northwest Qatar. The gas field, found in 1977, is the world's largest, with estimated reserves of 380 trillion cubic feet.

Full negotiations are expected to begin in the middle of January, when Dir Jabir 'Abd al-Hadi al-Mari, manager of Qatar Liquefied Gas Corp. (Qatargas), visits Japan.

If everything goes well, a formal contract is likely to be signed in the first half of this year for commercial production beginning in 1997, officials of the two major Japanese trading houses said.

Qatargas, which has conducted a feasibility study, is owned 70 percent by state-run Qatar General Petroleum Corp. (QGPC), and 7.5 percent each by British Petroleum, Total-Cie Francaise des Petroles, Mitsui and Co., and Marubeni Corp.

The project is estimated to cost 4 to 5 billion dollars and annual output of six million tons is envisaged six years after the start-up, the officials said.

Japanese power and gas companies, potentially large users of LNG, have not been enthusiastic about the project, saying they have already secured supply sources for the next decade. But Chubu Electric Power has apparently changed its stance due to a delay in construction of nuclear power stations and an unexpected surge in demand for electricity.

The purchasing price would be linked to the international market. One official said, "The project will be put on a commercial basis, even at a slight discount price, if a long-term contract is made for annual purchase of four million tons."

Ministry To Curb Commercial Bank Fund-Raising

OW0301092291 Tokyo KYODO in English 0902 GMT 3 Jan 91

[Text] Tokyo, Jan. 3 KYODO—The Finance Ministry plans to curb the fund-raising activities of Japanese commercial banks in the second half of the current fiscal year ending on March 31, ministry sources said Thursday.

The move is intended to answer criticism both at home and abroad that Japanese banks trying to meet the international capital standards have scrambled to raise funds, pushing up interest rates and pressuring stock prices, the sources said.

During the first six months of the current fiscal year starting last April 1, Japanese banks raised funds equivalent to some 2.8 trillion yen through the issuance of subordinated bonds and loans in domestic and overseas capital markets.

One official at the ministry's Banking Bureau said, "We would like to reduce the amount of fund-raising by banks as much as possible, although it depends on movements in the stock market and the yen's exchange rate."

Under the capital adequacy standards set by the Basel-based Bank for International Settlements (BIS), internationally active banks are required to have capital equivalent to 7.25 percent of their risk-weighted assets by the end of March 1991 and 8 percent by March 1993.

Subordinated bonds are debts that give creditors lower priority claims to repayment in the event of a debtor's bankruptcy. Funds raised through the issuance of such bonds as well as subordinated loans and latent profits on stock are counted as part of bank capital under the BIS rule.

For the six-month period until March, the ministry will hear the fund-raising plans of banks beforehand in order to adjust the timing, amount, and methods of fund-raising, the sources said.

At the same time, the ministry will allow some banks which are in urgent need of improving the ratio of capital to assets to issue convertible bonds and raise funds through allocation of shares to stockholders by setting prices between the face value and the market price, they said. The ministry will also urge the BIS to include the preferred stock issued by foreign subsidiaries of banks as part of their capital, the sources said.

'Main Points' of FY91 Budget Plan Reported

OW2912042890 Tokyo KYODO in English 0142 GMT 29 Dec 90

[Text] Tokyo, Dec. 29 KYODO—Here are the main points of the Government's budget plan for Fiscal 1991.

—General expenditures, or the Government's operational expenses, will post the highest increase in 12 years, growing 5.3 percent over Fiscal 1990 to 37,238.2 billion yen.

—The Government will reduce its issues of public works- financing bonds, or Construction Bonds, by 250.2 billion yen, pushing down National Debt reliance to 7.6 percent from 8.4 percent in Fiscal 1990. The reduction, however, is insufficient to achieve the Government's plan to cut such issues by 400 billion yen to restructure its fiscal management.

—Outlays for Official Development Assistance (ODA) will rise 8.0 percent to 883.1 billion yen, ensuring the achievement of the Government's program to extend 50 billion dollars over a five-year period beginning in 1988.

—In view of the rapid easing of East-West tensions, the Government will place less emphasis on defense spending, which will rise a modest 5.47 percent to 4,387.0 billion yen.

—In line with Japan's pledge to substantially boost its social infrastructure spending in the Structural Impediments Initiative (SII) talks with the United States, the Government will earmark 6,589.7 billion yen for public works spending as well as set up a new 200 billion yen category designed for projects closely linked to the well-being of the general public.

—In tandem with a slowdown in the Japanese economy, growth in corporate and other tax revenues will slow to 6.5 percent, almost half the 13.7 percent expansion originally projected in the Fiscal 1990 budget.

Poll Indicates Slower Economy, Rise in Yen

OW0201093891 Tokyo KYODO in English 0819 GMT 2 Jan 91

[Text] Tokyo, Jan. 2 KYODO—Top executives from Japan's leading companies expect a major downturn in the economy and a further appreciation of the yen in 1991, a KYODO NEWS SERVICE poll shows.

The chief executive officers at 100 major companies said the Japanese economy will slow in the first half of the new year, and the yen will gain further ground against the dollar, but stock prices will continue to languish at the current low levels. They predicted that under strong pressure from the United States, Japan will move to open its long-closed rice market.

The largest number of corporate heads estimated wage hikes if the annual spring negotiations in April would be 5.0 to 6.0 percent, projecting a slightly lower raise in the average than 5.94 percent average in 1990.

The largest number of respondents, at 71 percent, forecast a 3.5- 4.0 percent growth in the economy, close to the government's official projection of 3.8 percent.

Asked about the longevity of the current period of sustained economic expansion, 44 percent said the economy will lose steam before August when the boom would enter its 57th month, equaling the longest period of economic expansion in the postwar period. But 38 percent of the corporate heads anticipated the momentum in the economy will continue into the second half although 71 percent of them said the economy will eventually enter a downturn by the end of the year. They cited higher interest rates, weaker capital spending, and a slowdown in the U.S. economy as main factors dampening the momentum in economic growth in Japan.

Most of the pollees believed the official discount rate will be lowered from the current 6.0 percent during the year.

The dollar is expected to decline against the yen, with 52 percent projecting a fall to around the 125-130 yen level from 135.40 yen at the end of 1990.

As much as 55 percent predicted the dollar will plunge to its lowest ever level—121.65 yen registered in 1988—at least momentarily. The Tokyo stock market, they felt, will remain on a weak note.

Depressed by rapidly spreading concern about the economy, the Nikkei stock average will not climb above the 30,000 yen line during the year, 67 percent of the respondents projected. Respondents said they do not anticipate any major easing in the current tight labor market, with 67 percent predicting the shortage of workers will either remain as severe as in 1990 or worsen.

Asked about the course of events in the Persian Gulf, an overwhelming 72 percent said the crisis will be resolved peacefully with only 2 percent foreseeing the break of war. Asked about the expected consequences if a war breaks out, 54 percent said the likely rises in crude oil prices would not hurt the Japanese economy in any big way, and that the upswing will prove to be temporary. Despite this, 22 percent said they believe a serious oil crisis would come should there be an all-out war.

With regard to the Soviet economy, 63 percent of the executives predicted stagnation. They did not expect any dramatic progress in bilateral relations between Japan and the Soviet Union.

Although none expected a deterioration, 57 percent were negative about the possibility that the thorny issue of Japan's claim to the four small islands off Hokkaido occupied by the Soviet Union—the largest stumbling bloc to an improvement in relations—will be settled.

On the issue of opening the Japanese rice market, which is expected to be the largest bilateral trade issue with the U.S. in the year, 86 percent predicted Tokyo will partially open the market to foreign imports.

A majority of the corporate top brass believed Japan-U.S. trade friction will remain as troubled as now or more so.

Number of Births Fall for Fourth Straight Year

OW0101061391 Tokyo KYODO in English 0343 GMT 1 Jan 91

[Text] Tokyo, Jan. 1 KYODO—The number of babies born in Japan in 1990 fell for the fourth consecutive year to 1,228,000, while the birthrate per 1,000 of population also went down for the 11th straight year, the Health and Welfare Ministry said in a report Tuesday.

The report on population changes said the number of births last year represented a decrese of 19,000 from the previous year. The birthrate was down 0.2 point to 10.0. As reasons for the declines, the report said that people were getting married at older ages and that more couples were postponing starting a family.

Ministry officials said that the average number of births each woman has in her lifetime is certain to have gone down last year from the previous year's 1.57, the lowest ever registered.

The report said 826,000 people died in 1990, a jump of 37,000 from the year before that was partly because of an epidemic of influenza.

It said the main cause of death was cancer, which took the lives of 218,000 people. Following in order were heart disease, which caused 171,000 deaths, and strokes, with 123,000.

The report said a total of 721,000 couples married last year, up 13,000 over the previous year, while divorces numbered 157,000, down 1,000 from the year before.

All these figures meant, the report pointed out, a baby was born every 26 seconds, a person died every 38 seconds, a couple wed every 44 seconds, and a divorce took place every 3 minutes and 21 seconds in Japan in 1990.

North Korea

South's MAC Nominee Will Not Be Recognized

SK0301045891 Pyongyang Domestic Service in Korean 0300 GMT 3 Jan 90

[Text] Maj. Gen. Choe Ui-ung, senior member of the Korean People's Army [KPA] and Chinese People's Volunteers [CPV] side to the Military Armistice Commission [MAC], issued today a press statement in reply to the questions posed by a KCNA reporter in connection with the recent U.S. moves to appoint a general of the South Korean forces to the position of the senior member of the UN Forces side to the MAC.

The press statement reads: The Korean Armistice Agreement was signed between the KPA-CPV side as one party and the UN Forces side as the other party. Therefore, it is only too self-explanatory that the senior members of the MAC of the two sides, whose mission is to implement the Armistice Agreement, should come from the KPA-CPV side and the UN Forces side and that they each should have legitimate qualifications and authority to represent their side.

As for the U.S. side's moves to appoint a general of the South Korean Forces to the position of the senior member of the UN Forces side, it is nonsense. The South Korean forces are not a signatory to the Armistice Agreement, nor do they belong to the UN forces. South Korea desperately opposed the signing of the Armistice Agreement itself from the outset, and did not participate in the signing of the Armistice Agreement. Therefore, the general of the South Korean Forces is far from being qualified to become the delegate of the UN Forces side to the MAC.

The U.S. side is attempting to justify the farce of replacing the senior member on the grounds that a general of the South Korean Forces sits at the conference table of the MAC meeting as member of the UN Forces side to the MAC. However, that the general of the South Korean Forces sits at a conference table as member of the UN forces side is one thing, and that he represents the UN forces side as senior member is quite another. Since the U.S. side claims that the South Korean Forces are also subject to the Armistice Agreement, we do not intend to meddle in its bringing a general of the South Korean forces to the conference table of the MAC and having him sit beside him under the condition where the responsibility rests with the U.S. Forces. We, however, can never allow the general of the South Korean forces to represent the UN forces side in the capacity of the senior member of the UN forces side.

If the U.S. side unilaterally appoints the unqualified South Korean Forces general as senior member of the UN Forces side to the MAC despite our outright opposition, it will be an intentional act of destroying the institution of the MAC which is organized according to the Korean Armistice Agreement. If that happens, we will not only never acknowledge the South Korean Forces general as the senior member of the UN Forces side, but we will never sit together with him. We cannot be held responsible for all the consequences arising therefrom.

Pak Issues Statement Supporting Reunification

SK0301105091 Pyongyang KCNA in English 1011 GMT 3 Jan 91

[Text] Pyongyang January 3 (KCNA)—Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, issued a statement to the press on January 2 supporting the new proposals for national reunification put forward by the great leader Comrade Kim Il-song in his New Year address. Hailing the new proposals as most just and realistic ones, he said:

His new reunification proposals are a firm guarantee for putting an early end to the division of the country and accomplishing the cause of national reunification in a peaceful way in the shortest possible time through the reconciliation and unity of the whole nation.

The great leader Comrade Kim Il-song stated in his new year address that a pressing question in hastening national reunification is to ensure peace on the Korean peninsula and create peaceful preconditions for the reunification of the country.

To ensure peace of the country and create peaceful preconditions for national reunification is a most urgent question of top priority in resolving the reunification question.

Since we proceed from the stand of resolving the humanitarian question and the question of economic exchange in parallel with the military question to narrow the differences of views between the North and the South, there is no ground for the South Korean authorities to avoid the settlement of the peace or the military question.

Saying in the New Year address that an important matter in hand in hastening national reunification is to decide how the country should be reunified, the great leader Comrade Kim Il-song, to this end, proposed to convene a political consultative conference for national reunification as soon as possible in which the authorities, and representatives of political parties and organisations of the North and the South participate.

Reunification by means of confederation on the basis of one nation, one state, two systems and two governments is the great principle of defining the method of national reunification suited to the present situation in our country.

The new great principle of defining the method of national reunification formulated by the great leader this time is the only just one for checking the prolongation of the division of the country, reunifying it without a fight between the North and the South and making them coexist in one reunified state and an outstanding great program for national reunification which gives a perfect answer to the fundamental question arising in defining the way of national reunification.

The flexible stand as regards the proposal for founding the democratic confederal republic of Koryo and the proposal for convening a political consultative conference for national reunification signify new momentous measures opening a way for deciding upon the method of national reunification in a short time and accomplishing the historic cause of national reunification in the near future.

The great leader Comrade Kim Il-song said that a great unity of the whole nation must be realized in order to quicken national reunification.

If the South Korean authorities really have the intention to realize the peace of the country, national unity and the cause of reunification, they must immediately accept our new reunification proposals including the great principle of the way of national reunification and show sincerity in it.

The entire Korean people greeting the second year of the 1990s, a hopeful year, will make this year a year of detente and peace, reconciliation and unity and a historic year in opening a new phase of national reunification by waging a vigorous struggle in hearty response to the great leader's new proposals for reunification.

And I express the belief that the governments and peoples of the world advocating independence and loving peace will extend active support to our new proposals for reunification and continue to express firm solidarity with the DPRK Government in the efforts for carrying them into practice.

South Students Denounce 'Anti-Communist Case'

SK3012122190 Pyongyang KCNA in English 1056 GMT 30 Dec 90

[Text] Pyongyang December 30 (KCNA)—The Central Committee of the League of Socialist Working Youth of Korea and the Korean Student Committee released a joint statement today denouncing the South Korean fascist clique for faking up one anti-communist case after another. This is a vicious provocation for rejecting national reconciliation and unity and aggravating North-South relations to the extreme and a reactionary offensive to suppress and stifle the South Korean patriotic students and democratic forces for reunification, the statement says, and continues:

The South Korean puppets branded "Hanminjon" [South Korean National Democratic Front] as the North's "camouflaged organization for propaganda against the South" and charged "Chamintong" [Independence, Democracy, and Reunification], "Chondaehyop" [National Council of University Student Representatives], "Sochongnyon" [Seoul District Federation of General Student Councils], etc. of being "manipulated by Hanminjon behind the scene". This is a trick to link the movement for independence, democracy and reunification in South Korea with the North in a far-fetched way and a plot and preposterous argument which does not go down with anyone.

The No Tae-u fascist clique is now running high fever in the frantic anti-communist, anti-DPRK confrontation row, while breeding one plot after another, in order to achieve an ulterior purpose to bridge over the crisis of the tottering "DLP's [Democratic Liberal Party's] regime".

Plots and fascist suppression can never help the dictators prolong their remaining days. The South Korean rulers must stop at once the fascist suppression of the progressive students and the democratic forces for reunification and unconditionally and immediately release all the illegally arrested people, the statement stresses.

'Fascist Repression' in South Denounced

SK2912044290 Pyongyang KCNA in English 0411 GMT 29 Dec 90

[Text] Pyongyang December 29 (KCNA)—The South Korean rulers must immediately stop the fascist repression, drawing a lesson from the fate of the preceding dictators who met a disgraceful doom while engaging themselves in fascist repression.

This is demanded in information No. 579 of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued on December 28 in denunciation of the brutal fascist repression of the people committed by the No Tae-u group over the last year.

The information says:

This year the No Tae-u fascist group issued repressive orders such as "emergency duty order" and "maximum emergency alert order" and carried out indiscriminate "crackdown operations," even firing bullets with the mobilization of repressive forces each time the patriotic people's action for independence, democracy and reunification gained momentum.

The number of those who were arrested for political reasons this year stands at more than 2.2 times the figure of 1988, the first year of the "Sixth Republic."

The No Tae-u fascist group resorted to vicious intrigues to violently put down the pro-reunification movement of the South Korean people this year.

From the beginning of the year, the puppets directed the sharp edge of repression to the pro-reunification patriotic forces of South Korea and brutally penalized on charges of "violation of the National Security Law" without exception those who called for contact and dialogue with the North, those who praised or sympathized with the reunification policy of the North, those who published, sold or read books on the realities of the North and those who screened or saw films of the North.

The South Korean rulers have been keeping behind bars woman student Yim Su-kyong and Father Mun Kyu-hyon, messengers of reunification, for two years and arrested at the airport and persecuted Yi Hae-hak, Cho Yong-sul and Cho Song-u, delegates of the South side's promotion headquarters to the pan-national rally, who had participated in the tripartite working talks for the pan- national alliance for national reunification held in Berlin before transferring them to prosecution on charges of "violation of the National Security Law", that is, "meeting and contacting with an organization benefiting the enemy".

When Kim Chong-un, mother of Yim Su-kyong, met at a theatre with reporters and actors and actresses of the North who went to Seoul to participate in the "traditional concert for reunification for seeing 1990 out", the puppets assaulted her and forced her out of the theatre.

It is all the more intolerable that the No Tae-u group kicked up a roundup campaign after publishing one shocking case after another such as "Sanomaeng case," "Chamintong case" and "case of the workers struggle union for the people and democracy" which were faked up by the puppet Security Planning Board.

The fascist campaign launched in South Korea over the past year eloquently proves that the "Sixth Republic" of the No Tae-u group disguised with "democracy" is a more brutal and crafty military fascist dictatorial "regime" than the blood-stained "Fifth Republic".

NODONG SINMUN Stresses Reunification

SK0301063091 Pyongyang KCNA in English 0458 GMT 3 Jan 91

[Text] Pyongyang January 3 (KCNA)—All the compatriots in the North, South and abroad who love the country and the nation must shatter all the obstructive moves of the separatists within and without and rise up as one in the sacred struggle for national reunification and must make this year a historical year of bringing a new phase to national reunification, in hearty response to the policy of national reunification advanced by the great leader Comrade Kim Il-song in his New Year address.

NODONG SINMUN today says this in an editorial on the new national reunification policy laid down by Comrade Kim Il-song in his New Year address.

The editorial quotes Comrade Kim Il-song as saying in the New Year address:

"We must not allow the division of our country to drag on beyond half a century, but accomplish the historic cause of national reunification within the next several years."

A pressing question in hastening national reunification is to ensure peace on the Korean peninsula and create peaceful preconditions for the reunification of the country.

Peace is the most universal ideal of mankind; preserving peace is the most pressing question that must be settled by the North and South for the reunification of the country and the well-being of the nation.

The adoption of a nonaggression declaration is a starting-point and a primary task in removing distrust and confrontation between the North and South and in opening up a new phase for peaceful reunification.

As Comrade Kim Il-song stressed in his New Year address, an important matter in hand in hastening national reunification is to decide how the country should be reunified.

The country should be reunified through confederation based on one nation and one state, two systems and two governments on the principle of one side not conquering the other nor being conquered.

In order to reach a nationwide agreement on the method of national reunification, it is necessary to convene a political consultative conference for national reunification as soon as possible in which the authorities, and the representatives of political parties and organisations of the North and the South sit together to decide upon the way of national reunification.

The proposal to convene the political consultative conference for national reunification is the most just negotiation proposal which makes it possible to agree and decide upon the method of reunification in a democratic way in conformity with the nature of the reunification question as an issue of the whole nation.

It is also imperative in promoting national reunification to achieve a great unity of the whole nation.

We will meet men of the ruling party as well as men of opposition parties and individuals out of office in South Korea irrespective of the forms of dialogue, whether it is bilateral or multilateral, and keep the door of dialogue for reunification for everyone wide open.

The South Korean authorities must look straight at the trend of the time, discard such a narrow-minded, self-righteous attitude as preventing people from participating in dialogue, abolish the anti-national, fascist laws and immediately release all the arrested champions of reunification including those who visited the North. They must also provide all the South Korean people with the rights to contact and talk with the North freely.

U.S. Nuclear Weapons Said 'Threat to Peace'

SK0301102491 Pyongyang KCNA in English 0958 GMT 3 Jan 91

["Nuclear Weapons and Peace Are Incompatible With Each Other"—KCNA headline]

[Text] Pyongyang January 3 (KCNA)—The U.S. imperialists are loudly talking about the "advent of an era of peace", attributing it to their efforts. This is a trick to veil their policy of aggression and war and paint themselves as the "apostle of peace".

NODONG SINMUN today says this in a by-lined article.

As long as the imperialists continue producing nuclear weapons and creating the danger of a war, mankind cannot live in peace, free from the danger of a nuclear war, the article says, and continues:

If peace is to be preserved, the practical source of threat to peace must be eliminated and anti-peace acts discontinued.

It is none other than the U.S. imperialists who are bringing the danger of a war to mankind.

Seeking world supremacy, they are giving spurs to the development and production of new-type nuclear weapons and gravely challenging the human cause of peace, persistently resorting to the policy of strength.

Their nuclear design remains unchanged and it is becoming all the more vicious.

The U.S. imperialists produced hundreds of nuclear warheads last year and plan to make thousands of nuclear bombs in a few years to come.

The hypocrisy of the U.S. imperialists in crying for "peace" finds manifestation in nuclear arms reduction, too.

They have pretended to take steps to reduce nuclear weapons partially in some regions. But they have reinforced their nuclear armed forces in other regions, screwing up tension.

They have no intention to withdraw their nuclear weapons from South Korea.

They intend to start a global nuclear war in Korea. In actuality, they have ceaselessly staged nuclear war exercises in South Korea. The "Team Spirit" joint military manoeuvres are a test nuclear war.

If the U.S. imperialists persistently follow the road of a nuclear war, it will result in precipitating their own doom, warns the article.

Daily Carries Letter From Repatriate From Japan

SK3012115990 Pyongyang KCNA in English 1048 GMT 30 Dec 90

[Text] Pyongyan December 30 (KCNA)—NODONG SINMUN today carries a letter to dear Comrade Kim Chong-il sent recently by Han Ki-chun a repatriate from Japan, who resides in Puk-tong No. 1, Sariwon City, North Hwanghae Province.

In his letter Han Ki-chun expressed his determination to repay with a loyal heart the solicitude of the party and the leader bestowed on his family as could be seen in the fact that his son, an honored disabled soldier who lost his two legs, was married with the daughter of a general of the Korean People's Army and enjoys a happy life.

Han Ki-chun wrote that on November 26 a grand wedding ceremony was arranged and a gift was sent for his son who lost his two legs while serving in the People's Army, and greatest benevolence and glory were shown to convey this grand ceremony to the whole country as a beautiful story of our era.

He expressed thanks for the fatherly loving care shown for the son of a repatriate who lost his two legs, although it is an obligation that a soldier who has grown up in the bosom of Comrade Kim Chong-il dedicated his body true to his duty for the motherland.

He noted that if he had lived in a capitalist society like Japan, his son would have spent his life as a cripple, forsaken and derided at the bottom of the social scale to say nothing of marriage.

The story that a daughter of a general of the Korean People's Army willingly chose to marry an honored disabled soldier minus both legs and her parents supported her determination as an idea of a party member—this story can be heard only in our country, under the socialist system established by the great leader President Kim Il-song and led by dear Comrade Kim Chong-il, Han Ki-chun stressed.

He said he has enjoyed a happy life after he was embraced in the bosom of the motherland with his wife, a Japanese, in August, 1960, and their children graduated from universities free of charge.

He wrote that when he donated some property left by his wife's parents in Japan, who died in 1976, to the country with a view to contributing to the prosperity of the homeland, Comrade Kim Chong-il highly praised him as a patriot, his family as a patriotic family and sent a benevolent gift.

He emotionally said about solicitude shown by Comrade Kim Chong-il for his family such as admitting himself and his children to the glorious Workers' Party of Korea and sending restoratives including wild jinseng and antlers for their health.

In conclusion he said he would convey down through generations the great love and solicitude of dear Comrade

Kim Chong-il and expressed his determination to lead not only his children but brothers and relatives in Japan, to remain loyal to Comrade Kim Chong-il forever.

Kim Il-song Meets Chongnyon Committee Chairman

SK0301053691 Pyongyang KCNA in English 0400 GMT 3 Jan 91

[Text] Pyongyang January 3 (KCNA)—The great leader President Kim Il-song Wednesday received Sin Sang-tae, vice-chairman of the central standing committee of the General Association of Korean Residents in Japan (Chongnyon), and the couple of Mr. Yun I-sang, chairman of the overseas headquarters of the Pan-national Alliance for National Reunification and a noted musician, who are staying in the motherland.

Present on the occasion were Comrade Yun Ki-pok, chairman of the Central Committee of the Korean Social Democratic Party Yi Kye-paek and adviser to the central guidance committee of the Korean Catholics Association Yu Mi-yong.

Vice-chairman of the Central Committee of the South Korean National Democratic Front Yi Son-sil was also on hand.

Sin Sang-tae and Yun I-sang extended New Year greetings to President Kim Il-song and wished him good health and long life.

President Kim Il-song expressed thanks for this, had a cordial talk with them and gave a luncheon for them.

Daily Observes Independence Day of Sudan

SK3012105990 Pyongyang KCNA in English 1022 GMT 30 Dec 90

[Text] Pyongyacg December 30 (KCNA)—NODON SINMUN today carries a signed article congratulating the Sudanese people on the 35th anniversary of the independence of the country.

For the Sudanese people the independence of the country was a significant event which helped them enter the road of building a new life, the article says, and goes on:

After the independence the government and people of the Sudan have waged a struggle to consolidate the national independence and achieve the social progress while smashing all the maneuverings of the imperialists.

The Sudanese Government is following the nonaligned policy externally and striving to develop friendly and cooperative relations with the neighbouring and other nations of the world on the principle of equality and mutual benefits.

The friendly relations between Korea and the Sudan are developing on good terms in accordance with the aspirations and desire of the two peoples.

The Korean people wish the Sudanese people new success in their efforts to build a new life.

Mexican Chamber of Deputies Member Arrives

SK2812051190 Pyongyang KCNA in English 0429 GMT 28 Dec 90

[Text] Pyongyang December 28 (KCNA)—Marcela Lombardo Otero de Gutierrez, director of the Vicente Lombardo Toledano Institute of Socio-Political Philosophy of Mexico and member of the chamber of deputies, arrived here Thursday.

The guest was met at the airport by Kim Chin-pom, vice-chairman of the Committee for Cultural Relations with Foreign Countries and chairman of the Korean-Latin American and Caribbean Regional Friendship Association.

KCNA Publishes Press Review for 3 Jan

SK0301064791 Pyongyang KCNA in English 0508 GMT 3 Jan 91

[Text] Pyongyang January 3 (KCNA)—Papers here today carry a report that the great leader President Kim Il-song received Sin Sang-tae, vice-chairman of the central standing committee of the General Association of Korean Residents in Japan (Chongnyon), and Yun I-sang, chairman of the overseas headquarters of the Pan-national Alliance for Reunification and arranged a luncheon for them.

Appearing in papers are reports that the New Year address of President Kim Il-song was reported by PEOPLE'S DAILY, JIEFANG JUNBAO, the XINHUA News Agency and Radio Beijing of China, REUTERS and BBC, the KYODO News Service and Radio NHK of Japan and Voice of America.

Echoed in papers are voices of the party members and working people in different parts of the country upon receiving the New Year address of President Kim Il-song with deep emotion and joy.

Papers convey words of South Korean people highly praising President Kim Il-song and dear Comrade Kim Chong-il as the sun of the nation, the lodestar of the reunification and the guiding star of the nation.

World public voices speaking highly of president Kim Il-song as "the great thinker and theoretician", "the genius of revolution and construction" and "the great leader of the era of independence", are conveyed in NODONG SINMUN.

Carried in papers is a statement issued to the press by Pak Sung-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, hailing and supporting the new proposal for national reunification put forward by President Kim Il-song in his New Year address.

MINJU CHOSON comes out with an editorial entitled "Let Us Make a Greater Progress in Socialist Construction and Accomplishment of the Cause of National Reunification in Hearty Response to the New Year address of the great leader Comrade Kim Il-song" and NODONG SINMUN an editorial headlined "Let Us Make This Year a Historical Year of Opening a New Phase of National Reunification."

Econews of the press include reports that the Pukchang thermal power complex is increasing power production and the Kim Chaek iron and steel complex is boosting steel output.

NODONG SINMUN informs the readers of the release of the Korean documentary films "Along the River Taedong" and "Those who are increasing resources of nation's traditional medicines".

Solidarity letters came from the Nepalese committee for the promotion of the reunification of Korea and the Congress of the World Federation of Democratic Youth in support of the Korean people's cause of national reunification, reports the daily.

South Korean news columns of the press include reports that professors and scholars opposed the opening of the agro-stock market and a lawyer called for the abolition of the "national security law".

NODONG SINMUN runs an article exposing the anti-popular moves of the No Tae-u ruling quarters.

According to papers, Japanese prefectural, city and cho assemblies have demanded an early normalisation of Japan-DPRK diplomatic relations.

Papers report that Comrade Jiang Zemin, general secretary of the Central Committee of the Communist Party of China, declared China will continue to advance along the road of socialism in unity, adhering to the basic line of the party, and the Chinese PEOPLE'S DAILY published an editorial on the new year.

"Nuclear Weapons and Peace are Incompatible" is the headline of an article of NODONG SINMUN, which says the U.S. imperialists must give up the nuclear war moves in South Korea and all other parts of the world and withdraw their nuclear weapons from there.

Daily Discusses Socialism, Collectivist Demand

SK3012115690 Pyongyang KCNA in English 1040 GMT 30 Dec 90

["Our Socialism Fully Meets Collectivist Demand of People, Social Beings"—KCNA headline]

[Text] Pyongyang December 30 (KCNA)—NODONG SINMUN today comes out with a by-lined article titled "Our Socialism Is Social System That Fully Meets Collectivist Demand of People, the Social Beings".

The article quotes dear Comrade Kim Chong-il as saying:

"Our socialism fully meets the collectivist demand of people, the social beings".

People, the social beings, can shape their own destiny successfully only in the social collective and, accordingly, they regard collectivism as their essential demand.

The society that embodies collectivism is the most solid society with indestructible vitality.

By strictly adhering to collectivism, our socialism is bringing its advantages into full play.

Our socialism fully meets the collectivist demand of people, the social beings. It finds expression, above all, in that all the life is based on the principle of putting the interests of the society and the collective above anything else.

All the political, economic and cultural life of ours is based on the principle of valuing the interests of the society and the collective and subordinating those of individuals to them. As for political life, it demands that the popular masses devote their all to implementing the policies of the party and the state with equal freedom and rights befitting the master of the state and the society.

And in our society, its each member, affiliated with a certain socio-political organization, loves his or her organization and subordinates everything to the demand of the organization and the collective.

Our social life respects not only the interests of the collective but also those of individuals.

Full embodiment of people's collectivist demand by our socialism is also manifested in that the whole society is replete with true human relations in which people are valued and they help and lead each other forward.

It is a common practice in our country to place the people above anything else and share the same destiny, helping and leading each other forward. It is clearly proved by the beautiful traits of sacrificing oneself for revolutionary comrades, behavior of women who cast their lot with honored disabled soldiers, traits of voluntarily taking toilsome jobs for socialist construction which are fully displayed among our people.

The full embodiment of the people's collectivist demand in our socialism is concentrically illustrated by the fact that the leader, the party and the masses are rallied closely to form a socio-political organism in our society.

The entire people of our country devotedly struggle for the party and the leader, the fatherland and the people, singleheartedly united behind the party and the leader.

Our socialism is able to fully meet the collectivist demand of people, the social beings, because it is being built with the chuche idea as its guiding idea.

Utilities, Industries Fulfill Yearly Assignments

*SK2912110290 Pyongyang KCNA in English
1007 GMT 29 Dec 90*

[Text] Pyongyang December 29 (KCNA)—Yearly assignments are being fulfilled in succession at units of the national economy of Korea.

The Yongsong General Machine Bureau, a major ordered equipment producer of the nation, fulfilled the yearly quotas as of December 19. The factories under the General Bureau produced modern machines and equipment of some 90 kinds including a large ammonia synthesizing tank, a 4,000 hp compressor and a 200,000 cubic metre exhauster [as received], which are greatly conducive to the development of the mining, chemical and metal industries of the nation.

All the hydro-power stations had fulfilled their yearly assignments at 103 percent as of December 23. More than 100 million kwh of electricity had been generated outside the plan at the Hochongang Power Station, 56 million kwh at the Taedonggang Power Complex and 40 million kwh each at the Kanggye Youth and Changjagang Power Stations.

Yearly assignments were also fulfilled far ahead of schedule at some 200 industrial establishments in North Pyongan Province, about 180 industrial establishments in South Hamgyong Province and some 40 light industry factories in Yanggang Province.

Daily Stresses Aid to Komdok Mines

*SK2412062690 Pyongyang Domestic Service
in Korean 0033 GMT 14 Dec 90*

[NODONG SINMUN 14 December editorial: "Let Us More Vigorously Assist Komdok"]

[Text] All the people throughout the country are vigorously accelerating preparations for production, thus to brilliantly wind up this year's struggle, the first of the 1990's, and to gain a higher goal next year.

We are assigned the important task of positively assisting Komdok to monumentally increase the production of nonferrous metal.

Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the Central Committee of the party, has noted: The leader put forward a militant task of putting our efforts into mines to decisively increase the production of nonferrous metals. Thus, we should struggle with the slogan "Let Us Assist Mines Throughout the Country", upholding the leader's guidance.

Nonferrous metal is an important fuel and material, which is indispensable in industry. Only when nonferrous metal is produced can the machine industry and the electric and automated industries in particular be developed, so as to positively accelerate the modernization of the national economy.

To further strengthen trade with foreign countries and to accelerate universal economic construction, the production of nonferrous metal should be monumentally increased. To monumentally increase the production of nonferrous metal, efforts should, above all, be concentrated upon the Komdok District to increase the production of nonferrous metal.

In light of the importance of the Komdok District in increasing the production of nonferrous metal, our party has constantly paid profound attention to the Komdok District. In addition, our party has seen to it that the whole country should vigorously assist Komdok.

Because of our party's wise leadership, the Komdok district has been more firmly consolidated as the great nonferrous metal production base of our country, and the production of nonferrous metal has been greatly increased. However, reality, in which the national economy's demand for nonferrous metal has constantly increased, requires that great efforts be put into the Komdok District to monumentally increase the production of nonferrous metal.

Dear Comrade Kim Chong-il, with insight into the importance of increasing the production of nonferrous metal in developing the national economy and improving the people's living standard, has recently put his efforts into Komdok. And, he has elucidated concrete tasks and methods to carry out the production of nonferrous metal.

Now, Komdok, one of the great nonferrous metal production bases of our country, is brimming over with the struggle to increase the production of nonferrous metal. Only when the entire country vigorously assists Komdok with materials, technology, and labor, can the spirit of the working class there be further encouraged and the production target of nonferrous metal, set by the party, be achieved ahead of schedule, by further accelerating the construction of vertical shafts, by further increasing the production capability of ore dressing sites of already-built vertical shafts, and by vigorously accelerating the struggle to produce nonferrous metal.

Functionaries and the working people from all areas of the national economy should clearly know the importance of vigorously assisting Komdok, and should further kindle the flame for solidarity and innovation. To this end, functionaries and the working people should acquire the correct concept and stand toward assistance for Komdok.

Monumentally increasing the production of nonferrous metal is a valuable work to brilliantly realize our party's lofty intention to further improve the people's living standard within the shortest period of time. Thus, creating a greater innovation by vigorously assisting Komdok is the duty of functionaries and the working people of all areas of the national economy.

A leap was effected in the past because technology assisted agriculture and all of the people assisted rural areas, and efforts were concentrated in important economic fields, including the mining industry, thereby upholding the lofty intention of the party. In the same way, functionaries and the working people in all parts of the national economy should more highly display the communist ethos of helping and leading each other.

Only when all functionaries and working people think and act, while understanding the fact that a turning point can be effected in general economic work as well as in their domains by greatly increasing the production of nonferrous metal in the Komdok mining complex, can they more properly assist Komdok.

A consistent policy of our party is to increase the production of minerals by strengthening the supply work for Komdok.

In the early days, the great leader Comrade Kim Il-song unfolded the magnificent plan of making Komdok the production base for producing great nonferrous metal resources. He visited and gave on the spot guidance and elucidated the direction and method for moving forward.

From the early days, dear Comrade Kim Chong-il who is brilliantly realizing the plan of the great leader also paid a visit to the underground pit where stones were falling around him and deeply understood the work and the lives of the workers there and directed the people throughout the nation to grapple with this matter so that Komdok could be vigorously supplied.

The third ore dressing plant built in the eighties is the magnificent result of the vigorous support of the whole party, nation, and people.

Here, where all sectors and units of the people's economy are supplying Komdok consistently, we must further strengthen the nation's material and technological base; must bear in mind that there is an important guarantee in enhancing the people's lives; and whether the Komdok supply work is being emphasized or not, we must continue to strongly push it forward.

The Komdok supply work is work which must be carried out by fulfilling the task entrusted to one's sector and unit. Therefore, the Komdok supply work can achieve great results when the functionaries organize and explain it in detail.

The functionaries of all the sectors and units of the people's economy must go to the lower echelons of the Komdok mining complex and deeply understand the reality; have a correct knowledge of the problems; and carefully plan the organizational work to further supply Komdok well.

What is important in helping Komdok is to further produce and guarantee facilities and materials at the right time. The machinery is the most important means of production. Modern up-to-date mining facilities and various materials must be guaranteed properly so that the modernization of mining work can be accelerated to quickly free the miners from the difficult and demanding work and to enhance labor productivity.

In related sectors we must bear in mind that by supplying Komdok we are ensuring necessary materials for facilities and we must insure necessary conditions for production without fail and provide modern mining facilities and materials at the appointed time.

Specifically, functionaries and workers in the machine industry who are in charge of the task of producing the extraction machines, must vigorously carry out the production and conservation struggle as demanded by the party and must unconditionally insure necessary conditions for production of extraction facilities in a coordinated manner ahead of schedule.

Therefore, in the machine plants and metal plants efforts must be put into the production of production materials such as air compressors, mine cars, hammer drills, and iron and steel materials which are in demand in Komdok.

Currently our party hopes that the youths firmly participate in supplying Komdok. Playing the role of the vanguard and shock brigade in socialist construction is a great honor and the pride of our youths. At a time when there is a demand for bringing about a new era in increasing the production of nonferrous metals by putting effort into Kumdok which the party feels a difficult and demanding sector for the workers, our youths should throw themselves into this work with enthusiasm and make rapid progress.

In all organizations of the League of Socialist Working Youth of Korea [LSWYK], deep understanding of the significance and importance of supplying Komdok with materials, technology, and labor must be continuously made by the members. Therefore, they can take the initiative in the Komdok supply work so that they can contribute their endless strength and creative talent to realizing the party's plan.

The rear-area supply work is political work. We must carry out the rear-area supply work well so that the life of the miners, whom our party cherishes, can be further improved and their enthusiasm for production enhanced.

With high revolutionary spirit, party spirit, working class spirit, and people-mindedness, the relevant functionaries must work to further uninterruptedly send better work materials and rear-area materials to the working class of Komdok who work in difficult and demanding sectors. When this is carried out they will work with a sense of achievement with the lofty enthusiasm of repaying the party's great love and benevolence by achieving greater results in increasing the production of minerals.

The function and role of party organizations must be further enhanced. At this time, the party organizations of various echelons must particularly profoundly explain and advertise the party's intention of opening a new era in increasing the production of nonferrous minerals in Komdok for the functionaries and workers, so that they can further actively support Komdok from the position of master.

The party organizations of various echelons must work so that the functionaries can put more effort into supplying Komdok and to further plan well the organization and instruction for production according to the demand of the Taean work system.

Everyone must endlessly uphold the lofty plan of the party and the leader and must further vigorously move forward in the honorable work to increase the production of the nonferrous minerals so that a new turning point can be brought about in economic construction and in enhancing the lives of the people.

* Change in Socialist Production System Described

912C0046 Pyongyang KYONGJE YONGU in Korean No3,Aug 90 pp 22-25

[Article by Choe Sung-chol: "The Inevitability of Establishment, Change, and Development of Socialist Relations of Production"]

[Text] A correct elucidation of how relations of production change and develop is one of the very important theoretical and practical problems. Only by correctly clarifying this question is it possible to successfully accomplish the task of social reform and ensure an independent and creative life for the people.

Remodeling the relations of production is one of the principal and fundamental problems in the revolution and construction.

The question of changing and developing relations of production, like all other questions, has been brilliantly resolved for the first time by the great leader Comrade Kim Il-song on the basis of the chuche ideology, in the course of his sagacious leadership in the revolution and construction.

The chuche ideology has elevated the question of change and development of relations of production onto a new, higher plane. Studies on the inevitability of change and development of relations of production can successfully proceed only when they are conducted with the chuche ideology as its ideo-theoretical basis. In the transformation and development of relations of production, the task of eliminating old relations of production and establishing new relations of production, namely, socialist relations of production, in its place occupies a very important place as an important aspect of social reform.

Comrade Kim Chong-il, member of the Standing Committee of the Political Bureau of the WPK [Workers Party of Korea] Central Committee and secretary of the Party Central Committee, pointed out as follows:

"The struggle for social reform is one aimed at creating a socio-political condition which will enable the masses to free themselves from class subordination and enslavement as a nation and enjoy an independent life. In order for people to live and act in an independent way, they need to smash the outmoded social system which tramples upon their independent stand and attitude. Only by replacing the old social system with a new one which will guarantee the people their independent stand and attitude will the masses be able to become the true masters of society and of their own destiny and live an independent life."

To become true masters of society and of their own fate is the most fundamental demand of human beings as social beings, namely, the masses, who regard their independent stand and attitude as of vital importance. In order for human beings, the masses, to become masters of society and their own fate and live an independent and creative life, they should invariably reform society, which provides an important living environment to human beings in the context of social relations forged with one another. Only through social reform is it possible to guarantee people their position as masters and make them truly enjoy an independent and creative life.

Socialist transformation of the outmoded relations of production occupies a very important place in the revolutionary transformation of society. One of the important problems in social reform is providing a socio-political condition for guaranteeing people an independent life; and in providing this socio-political condition, it is important to establish a political system which will enable the masses to become true masters of the sovereignty of the state. The sovereignty of the state is the most fundamental factor determining the status of the people. Only when the masses hold the sovereignty of the state tightly in their hands will they be able to become true masters of society and fulfill their desire to live an independent life. In making social reform, it is the most important requirement to remodel the old relations of production in the socialist way and establish socialist relations of production and make the masses the masters of the means of production, in addition to liquidating the old political system, and establishing in its place a new political system in which the masses will become the masters.

The social relations into which people enter with one another and under which they live are none other than their relations of production formed in the process of production, or relation of life. In relations of production, it is one of the fundamental conditions for guaranteeing an independent and creative life to the people to make them, the masses, become the masters and guarantee them their position as masters.

The position and role of people, the masses, as masters of relations of production, in the final analysis decisively depend on whether or not they will become the masters of the means of production.

Only by becoming the owners of the means of production as well as the masters of the sovereignty of the state is it possible for the masses to become true masters of society and of their own fate, and enjoy an independent and creative life as masters.

Remodeling the old relations of production is, in the final analysis, changing the social relationships which people—the masses—enter into with one another, forge in the process of production, and under which they live, namely, relations of production, to suit the demands of the masses by transforming the old property relations on the means of production.

Inasmuch as relations of production contain in their contents property relations on the means of production, relations of product appropriation, and exchange relations of activity, to say that relations of production change and develop is to say these contents of relations of production change.

Now, of these contents of relations of production, property relations are of determinate significance. To say that property relations on the means of production are of determinate significance is to say that property relations determine the change and development of relations of appropriation and exchange relations of activity, as well as the contents of other relations of production. Accordingly, what represents the change and development of relations of production is none other than property relations on the means of production.

Needless to say, the development of property relations on the means of production is achieved also through different aspects of production. Without change in relations of production, organization of cooperative labor and division of labor could change, and certain aspects of appropriation could also change under the property relations already existing. In addition, a development of relations of appropriation could influence change in property relations on the means of production.

Nevertheless, what causes a fundamental change in the characteristics of relations of production is property relations on the means of production; accordingly, property relations are the most basic factor conditioning the change in relations of production.

In this way we need to distinguish between fundamental transformation of relations of production and the change and development of the contents of these relations.

If so, the question is under what law of necessity a fundamental transformation of relations of production, namely, change in property relations on the means of production, materializes.

The great leader Comrade Kim Il-song taught as follows:

"Our experience reveals that when the leading force of the revolution is solidly in place, we can achieve the revolutionary change of remodeling relations of production in the socialist way, even under the conditions of a weak material and technological foundation, and that when the socialist system is established and when we rely on its superiority, we can push more rapidly the task of laying the material and technological foundation." (Footnote 1) (*Let Us Bring the Cause of Socialism, the Cause of Communism, to Its Ultimate Fulfillment Under the Raised Revolutionary Banner of Chuche*, p 7)

The factors at work in changing relations of production are the independent livelihood-oriented demands of the masses and their chuche-based political ability. The independent livelihood-oriented demands of the masses and their chuche-based political ability to fulfill these demands are basic to the change and development of relations of production and the socialist transformation of the old relations of production.

The primary factor operating in bringing about the change and development of relations of production is the independent livelihood-oriented demands of the masses. Defining the masses' livelihood-oriented demands as one of the important laws of necessity as applied to the change and development of relations of production is a new human-centric methodology of inquiry into the change and development of relations of production on the basis of the chuche ideology, and elevates the inevitability of the change and development of relations of production onto a new, higher plane.

The attempt to clarify the inevitability of the change and development of relations of production in relation to the productive forces, and the clarification done thereby, of course, mark a step forward. This attempt, however, has no small limitations in elucidating the immanent inevitability of the change and development of relations of production. The limitations come from the fact that it views the change and development of relations of production not from the vantage point of the role of the people—the masses—who stand at the center of the change and development of relations production, but deals with it solely in relation to the objective conditions. At the center of nature-remaking and social reform invariably stand the people—the masses. As clarified by the chuche ideology, the masses are the masters of the revolution and construction, and they are the motive power driving the revolution and construction as well. The masses of the people make revolution and carry out construction in order to live an independent and creative life. Whereas there is no leading force in the movement of nature, there is a leading force in every social movement; and it follows that a social movement proceeds according to the leading role of the people—the masses—who are the leading force of the movement. Social movements are always linked to the demands of the people—the masses. There can be no social movement without the livelihood-oriented demands of the masses. Only by becoming the masters of society and their own fate can the people—the masses—stage various social movements with their demand for an independent and creative life as the motive.

The efforts to replace the old relations of production with new advanced relations of production are linked to the demand of the masses for occupying their position as masters of the means of production, namely, the material conditions of production, and for securely guaranteeing their position as such, and leading an independent and creative life.

When the demand for nature-remaking arises as the material need to free the people from the shackles of nature and create material conditions necessary for living, the demand of the people for the remodeling and transformation of relations of production arises as a demand for becoming the masters of the means of production and for securely guaranteeing their position as such. The people's demand for nature-remaking and their demand for the remodeling and transformation of relations of production are different in content. This difference is related to the different effects nature-remaking and the remodeling of relations of production have on the position of the people. The struggle for nature-remaking is aimed at guaranteeing in material terms the social position of the people. A radical change cannot be brought about in the position of the people through the struggle for nature-remaking. Needless to say, when nature is transformed and plenty of material wealth is created, advantageous conditions may be provided in the material aspect of life. Nevertheless, no matter how plentiful the material wealth produced, the masses would be unable to enjoy it unless they became the masters of society. The struggle to radically change and transform the old relations of production leads to a change in the social position of the people.

Together with the state sovereignty, property relations on the means of production which form the basis of relations of production are the basic factors determining the social position of the people. The struggle to transform relations of production based on property relations is a serious struggle to bring about change in the social position of the people. The process of replacing one socio-economic system by another, which has occurred numerous times in human history, has been the process of replacing one form of property relations on the means of production by another, accompanied by the process of change in the social position of the people.

The demand of the people for remodeling and transforming relations of production is the demand for becoming the masters of the economy and exploring the broad road to the development of the productive forces.

The basic condition for exercising all rights in economic life is the occupancy of the position as the master. To enjoy an independent economic life, it is necessary to acquire the right to appropriate and utilize the created material wealth, and this acquisition means becoming the master of the economy, free from exploitation and oppression. People come to demand the remodeling and transformation of relations of production in order to occupy their position as masters in economic life.

To better enjoy an independent economic life after becoming the masters of the economy, it is necessary to develop the productive forces and produce more material wealth. The remodeling and transforming of relations of production consist in removing factors hampering the development of the productive forces and opening up a broad road for their development. This is related to the fact that the productive forces and relations of production act on each other and that relations of production operate actively for the development of the productive forces. The effects of relations of production on the productive forces manifest themselves in the direction of pushing forward the development of the productive forces as well as in the direction of curbing this development. Replacement of the old relations of production which hamper the productive forces with new relations of production is aimed at adapting relations of production to the character and level of the social forces of production and thrusting forward the development of the productive forces.

The struggle to remodel and transform relations of production arises from that livelihood-oriented demand of people. The change and development of relations of production depend on the intensity of their desire to become masters of the means of productions. The more the people's livelihood-oriented demand for becoming the masters increases, the stronger their desire to transform the old relations of production grows.

The livelihood-oriented demands of the masses for remodeling and transforming relations of production are satisfied by the revolutionary forces, the political forces, capable of meeting that demand.

The masses' livelihood-oriented demand for transforming the old relations of production constitutes a basic factor which causes the change and development of relations of production, but this is not to say that the existence of such a livelihood-oriented demand in and of itself leads to the change and development of relations of production.

The change and development of relations of production constitute a very serious struggle to remodel and transform society. The struggle to transform the old relations of production is accompanied by a vicious opposition of the forces bent upon maintaining them. In order to suppress this opposition and establish new relations of production, it is imperative that the masses with a vital stake in establishing new relations of production band together tightly.

The livelihood-oriented demand which brings about the change and development of relations of production is none other than the demand of the masses, and the force which realizes this change and development is also the united revolutionary might of the masses.

In the task of remodeling and transforming the old relations of production, the interests of the exploiting class representing the old relations of production and the interests of the progressive class representing the new relations of production come into conflict with each other. The classes interested in maintaining the old relations of production as a historic reactionary force come out to obstruct the remodeling and transformation of relations of production. The landlord class comes out to resist the transformation of the feudalistic relations of production, and the capitalist class comes out to resist the transformation of the bourgeois relations of production. Therefore, the struggle to remodel and transform the old relations of production requires a force necessary to defeat the resistance of the classes which have a stake in maintaining the old relations of production; and this force is none other than the revolutionary force, the political force. Thus, for the purpose of the transformation of relations of production, preparing a chuche-based force arises as an important issue.

Preparing a revolutionary force, a political force, is the most important requirement in remodeling and transforming the old relations of production.

The struggle to bring about a revolutionary transformation of the old relations of production is a very difficult, complex, and fierce class struggle.

To win victory in this struggle without fail, the masses who have a stake in the transformation of the old relations of production should band together as a single force.

To band the masses of the people into a single revolutionary force, it is necessary to heighten the level of their ideological consciousness, particularly, their class consciousness, so that all of them may launch into the struggle to transform the old relations of production. It is also necessary to set up the right fighting slogans, strategy, tactics, and policy on classes, and to correctly lead the struggle of the masses. The sagacious leadership of the leader and the party plays a decisive role in consolidating the revolutionary forces.

To transform the old relations of production on the basis of the presence of the masses' livelihood-oriented demands, with the force capable of fulfilling these demands put in place, is an important demand of the laws of necessity in the transformation of the old relations of production.

This is an original chuche theory on the change and development of relations of production which has been verified in the practical process of remodeling relations of production in our country, and which has been clarified and systematized for the first time by the chuche theory.

It is a fact that the contents of relations of production, such as property relations and relations of appropriation, are linked to the productive forces and undergo change and develop in close relation to them. Not only property relations on the means of production influence the development of the productive forces, but also the state of the productive forces influences the change and development of relations of production, such as forms of ownership.

The great leader taught that to convert cooperative ownership into ownership by all the people, it is necessary to fulfill the necessary material and technological prerequisites, in addition to the ideological prerequisites, by developing the agricultural productive forces. This reveals that the productive forces also influence the development of property relations.

The level of development of the productive forces influences the development of people's consciousness, and more immediately, it dynamically acts on the development of relations of production, such as the process of organizing the division of labor and cooperative labor to utilize the productive forces. While the productive forces constitute an objective condition for the change and development of relations of production based on property relations, and the productive forces and relations of production are interrelated, it is nonetheless the former that influence the latter.

One of the important questions in the inquiry into the change and development of relations of production is the question of how each aspect of relations of production changes and develops.

Within relations of production, there is a certain distinction between the inevitability of development of property relations and relations of appropriation and the inevitability of change and development of exchange relations of activity. This is related to the fact that property relations on the means of production and relations of appropriation are mainly linked to people's position in a great measure and acutely reflect their interests, whereas exchange relations of activity formed in the process of production, such as division of labor and cooperative labor, have as their main content the order needed to use the productive forces, and are a direct reflection of the state of the productive forces.

Viewed at large, the productive forces operate as an objective condition in the struggle to remodel and transform relations of production, but there are marked differences in its effects on the different aspects of relations of production. In any case, the remodeling and transformation of relations of production proceeds by the dynamic activity and role of people, the subject. The state of the productive forces, however, has different effects on property relations and relations of appropriation on the one hand, and on the other hand, on organizing the division of labor and cooperate labor. The division of labor and cooperate labor, more immediately, are connected to the order in the use of the productive forces. Unless the division of labor and cooperative labor are organized to suit the character and level of the productive forces, it is impossible to utilize the given productive forces in a rational manner and push for their development.

The aspects of relations of production, such as the division of labor and cooperate labor, are not as tightly connected to people's interests as property relations and relations of appropriation are.

A good example of the correct utilization of the characteristics of relations of production is provided by the fact that along with the three revolutions, ideological, technological and cultural, which are currently in progress in our rural community to convert cooperative ownership to ownership by all the people, efforts are being made to bring these two forms of ownership closer to each other in the organization of production and labor by forging a direct, productive link between industry and agriculture.

When change takes place in the organization of the division of labor and cooperative labor, it will have an effect on other aspects of relations of production and promote the change and development of relations of production at large.

Ownership by all the people and cooperative ownership have a common ground in the sense that both are social ownership forms of the means of production and that they are the economic foundations of the socialist country. Nonetheless, these two forms of ownership are distinct from each other despite their common ground. From this arises the necessity to strengthen the links between the two forms of ownership and bring cooperative ownership closer to ownership by all the people in order to eliminate the distinction between the two. To bring cooperative ownership closer to, and convert it into, ownership by all the people, it is necessary to enhance the leading role of ownership by all the people and strengthen the direct productive link between industry and agriculture. The direct productive link is the form of linkage by which industry, which comes under ownership by all the people, can easily enter into the process of agricultural production without infringing upon the interests of agriculture, which comes under cooperative ownership.

The direct productive link enables industry to get involved in the process of agricultural production and help develop agricultural production. This linkage enables that part of the means of production which comes under ownership by all the people to hold an overwhelmingly high proportion and play a decisive role in production. The more the direct productive linkage strengthens, the more quickly the cooperative ownership will get closer to and convert into ownership by all the people.

Currently, we are faced with the work of completely implementing the tasks outlined in the theses on the agrarian question and converting cooperative ownership to ownership by all the people. To this end, we must bring cooperative ownership closer to and convert it into ownership by all the people in conformity with the inevitability of development of relations of production, by further strengthening the link between the two forms of ownership and the direct productive link between industry and agriculture, the two links which have manifested its immense superiority and vitality in practice.

* Cross-Production Urged To Meet Power Shortage

912C0044A Pyongyang KYONGJE YONGU in Korean No 3, Aug 90 pp 30-32

[Article by Pak Kyong-ki: "Organizing Cross-Production Is an Important Means of Ensuring Electric Power Supply to the National Economy"]

[Text] Increasing the output of electric power by correctly organizing cross-production is one of the important issues in waging a vigorous struggle for increased production and conservation, upholding the programmatic tasks outlined in the respected and beloved leader Comrade Kim Il-song's New Year's message this year and in the decision of the 17th Plenum of the Sixth WPK [Workers Party of Korea] Central Committee.

The great leader Comrade Kim Il-song taught as follows:

"We have to properly organize cross-production in order to strike a balance between the production and consumption of electric power and normalize production in factories and enterprises with the current output level of electric power."

Accurately clarifying the nature of the task of organizing cross-production and the reason why organized cross-production is an important means for satisfactorily meeting the demand for electric power is a starting point for a correct understanding of the validity and originality of the policy on organizing cross-production, for a correct definition of the importance of organized cross-production in satisfying the demand for power in the national economy, and for the establishment of a correct method for organizing cross-production.

By organizing cross-production we mean that for the purpose of satisfactorily meeting the demand for electric power in the national economy, we adjust the consumption of electric power among power consumers in a rational manner, accurately dovetail the production and consumption of electric power, and organize production in a systematic manner to increase production with available electric power.

The integrated power supply system is an integrated system of power production, supply, and consumption in which power plants generating electric power and facilities consuming power are closely linked to each other by means of electricity through power transmission and distribution stations. Power production, supply, and consumption take place in a systematic manner through this integrated power supply system. Electric power produced is directly supplied to its consumers through power transmission and distribution stations with no particular process of giving and receiving, and power production and consumption take place simultaneously.

Organizing cross-production means socially organizing production to solve problems involving power production, supply, and consumption through a single integrated power supply system in a uniform, scientific, and rational manner, from a macroeconomic point of view, and it has two aspects to its intrinsic content.

Organizing cross-production, when viewed from the aspect of power supply, is a matter of utilizing the existing power production capacity in a rational manner, and it is a rational method of organizing power production and supply which makes it possible to distribute power loads uniformly by correctly adjusting power consumption among power consumers, such as individual facilities, workshops, and enterprises, on the basis of the power production and supply capacity, and to accurately maintain a balance between the power consumption capacity and the power supply capacity.

Power production and consumption are the two sides of the coin in organizing power production and are closely linked to each other. In the general organization of power production and supply, power production and supply is adjusted to suit the demand for power. On the other hand, adjusting power consumption by different power consumers in a rational manner to suit the power production and consumption capacities by the day, by the shift, and by the hour, and accurately dovetailing power production, supply, and consumption through an hourly balance of capacity is one aspect of the intrinsic content of organized cross-production, as distinguished from the general method of organizing power production and supply.

Organizing cross-production, when viewed from power consumption, is a matter of increasing the efficacy of power utilization, and it is a rational method of organizing production which enables power consumers to use a prescribed amount of electric power in a prescribed time frame, and secure a smooth production of goods by effectively utilizing the given supply of electric power.

In the general organization of production in factories and enterprises, power consumption is thoroughly subordinated to the fulfillment of the production assignments. To plan and organize power consumption in detail and execute organizational work in a planned manner so that consumers of power may conserve electric power to the utmost and fully secure production of goods by effectively utilizing a given supply of power is another aspect of the intrinsic content of organized cross-production as distinguished from the general method of organizing production.

For electric power producers to organize power production and supply in a rational manner to suit the power production capacity on the one hand, and on the other, for consumers of electric power to organize the production of goods in a rational manner so that they may utilize power effectively are the two aspects of organizing cross-production which are closely linked to each other, and these two tasks are accomplished through a single integrated power supply system.

Organizing cross-production is an essential requirement arising from the characteristics of the process of electric power production.

One of the characteristics of the electric power production process is, first of all, that production and consumption take place at the same time.

Inasmuch as electricity cannot be stored in kind in great quantities on an industrial scale, electric power is produced and supplied to meet the demand at each time; so, the production and consumption of electric power take place simultaneously. This characteristic demands that cross-production be organized in a planned manner so that the linkage between the production and consumption of electric power may be further strengthened and a balance between the power production capacity and the demand for power may be correctly ensured by the hour.

Another characteristic of the process of electric power production is that power production and supply take place in a unified manner under a single integrated power supply system.

Other industrial goods can be produced with an individual enterprise as a unit. But electric power cannot be produced on an individual scale independently by facilities in the power industry, such as power plants and power transmission and distribution stations.

The process of electric power production is the process of uniformly integrating three processes, namely, the process of changing the form of energy, the process of transmitting power, and the process of consuming power, and it takes place through the integrated power supply system. The process of electric power production requires not only that an integrated power supply system be formed to produce and supply power but also that all power-related systems be integrated into a single power supply system to satisfactorily meet the demand for power in the national economy with a less power out.

This characteristic—that power production units, power supply units, and power consumption units form a single integrated power supply system in which electric power production, supply, and consumption take place in an integrated manner—demands that cross-production be organized in a planned manner so that the productive linkages among all units in the power system may be further strengthened and a proper balance may be maintained between the capacities of power production, supply, and consumption.

Still another characteristic of the process of electric production is that the way power consumers consume power has a direct impact on power production.

General industrial goods are produced by individual enterprises as separate units and supplied through a distribution process; therefore the level of consumption by consumers has no direct impact on the enterprises producing the goods.

In electric power production, any change that takes place in any one component of the integrated power supply system has a direct impact on the integrated power supply system as a whole, with the effect of organizing power production units to suit the size of power consumption and the characteristics of power consumption, as well as the effect of prescribing an operating system for power generating facilities. Accordingly, how power consumers consume power has a direct impact on power production and also greatly influences technical and economic indicators of power production and supply, such as load factors, losses in transit, and the amount of power resources consumed per wattage.

These characteristics of the power production process demand that cross-production be organized in a planned manner with a view to increasing the efficacy of social production by calculating the demand for power in the national economy accurately and minutely and readjusting the power consumption system of each consumer in a rational manner from the point of view of the power supply system as a whole.

Organizing cross-production is an important means of satisfactorily meeting the demand for electric power.

That organized cross-production is an important means of satisfactorily meeting the demand for electric power is because, first of all, when cross-production is organized, it is possible to ensure a maximum electric load with a lesser generating capacity and increase power loads across the board.

Demand for electric power is a sequential demand hour after hour, and inasmuch as the production and consumption of electric power take place simultaneously, the quantitative balance between the power-generating capacity and the amount of consumption should be ensured through a balance between the power-generating capacity and the demand for electric power at each moment. Demand for power, however, is not fixed but ceaselessly varies each moment, depending on the amount of production and the maintenance condition of the equipment, the quality of raw materials and supplies, the operating system, the composition of power consumers, as well as natural and climatic conditions. Demand for electric power not only undergoes a great seasonal change, but also varies between workdays and holidays and between the morning, noon, and evening.

To satisfactorily meet the demand for electric power which changes by the hour, the power production capacity should be greater than the maximum power load.

When cross-production is organized, it is possible to meet the demand for power in the national economy with a smaller power-generating capacity because cross-production enables the maximum power load to be reduced by increasing the load factor of the power equipment.

Suppose we produce 100 billion kilowatt-hours [kWh] of electricity a year. If we increase the load factor of the power equipment to 95 percent from 90 percent, the maximum power loads will be reduced by 668,000 kWh and we will be able to ensure the maximum load for the power equipment without having to build new power plants with the corresponding power-generating capacity.

Demand for electric power is a quantitative demand assuming a certain level of quality of power.

To accurately ensure the quality of power in such terms as the frequency and voltage is one of the important aspects in satisfying the demand for power, and is an important condition for satisfactorily ensuring production in modern factories and enterprises.

When the power-production capacity is limited to a specific degree, the frequency varies according to the interrelationship between the effective demand for power and the effective power output, whereas the voltage varies according to the interrelationship between the ineffective demand for power and the reactive power output.

When cross-production is organized, it is possible to strike a balance between the effective and ineffective demand for power and the power-production capacity by readjusting demand for power in a rational manner to suit the power-production capacity, thereby satisfactorily ensuring the quality of power.

Another reason that organized cross-production is an important means of ensuring a satisfactory fulfillment of the demand for electric power is that when cross-production is organized, it is possible to conserve a large quantity of electricity and eliminate losses in transit without an additional investment.

Waging a vigorous struggle for power conservation is our party's consistent policy and offers an important guarantee for satisfactorily meeting the growing demand for electric power.

Generally, when cross-production is organized, we can fulfill the given production assignments in a short space of time by operating the equipment at full capacity on the basis of airtight preparation for production; and this makes it possible to eliminate the waste of power resulting from operating the equipment below capacity and conserve auxiliary power consumption in enterprises, thereby lowering the standard power-consumption level per product.

In producing a certain amount of goods by using the kind of equipment whose power consumption moves on a straight line, such as electric furnaces, rolling machines, and crushers, the volume of electric power consumed is proportional to the length of the operating time of the equipment, and the volume of power consumption per unit of product is inversely proportional to the volume of hourly production turned out by the equipment.

In cross-production between different pieces of equipment, the volume of power consumption per unit of product is reduced because the given production assignments are fulfilled by operating the equipment at full capacity for a short span of time. Suppose a machine operates at 50 percent of its maximum capacity. If we operate the machine at full capacity by organizing cross-production, the volume of power consumption will be reduced by 33.3 percent; and a 10-percent increase in the machine's hourly volume of production will result in a 4.8-percent drop in the volume of power consumption.

When cross-production is organized between different workshops and between different enterprises, it is possible to reduce the consumption of power for auxiliary and office use because the operating time of auxiliary and office equipment can be reduced.

Power produced by the power plant is subject to a certain amount of loss in transit while it goes through the transformer and the power transmission and distribution station on its way to the consumer.

With the demand for power rapidly increasing, the amount of power conserved by reducing losses of power in transit is enormous. Therefore, reducing losses of power in transit becomes one of the important means of satisfactorily meeting the demand for power.

When cross-production is organized, losses of power in transit can be drastically reduced because the load factor can be increased and an economic amount of power output can be transmitted through the transformers and power transmission and distribution lines.

Still another reason that organized cross-production is an important means of satisfactorily meeting the demand for power is that when cross-production is organized, a greater amount of electricity can be produced with the existing production capacity and the given power resources.

To increase power production through an effective utilization of the existing production capacity is a precondition for satisfactorily meeting the demand for power.

If by organizing cross-production, the demand for power in excess of the power-producing capacity is shifted to the time frame in which lesser power loads are required, the power output can be increased by the amount of power saved by this adjustment while using the existing power-production capacity.

The power-production curb characteristic of hydraulic turbines and steam turbines generally used in power production has an L shape. When cross-production is organized, more power can be produced with the given power resources because the power load can be distributed economically among the power equipment operating simultaneously so that the hydraulic turbines and steam turbines may operate in an economic way.

Organizing cross-production is a complex and difficult economic organizational work which requires a keen sense of responsibly and self-consciousness and a high degree of planning and organization.

All economic guidance functionaries and workers, with an accurate understanding of the nature and validity of the policy on cross- production, should vigorously accelerate socialist economic construction by continuing to implement this policy thoroughly.

South Korea

President No Discusses Foreign Policy Issues

SK3112091390 Seoul Munhwa Television Service in Korean 1230 GMT 29 Dec 90

[Interview with President No Tae-u by Yi Tuk-yol, director in charge of MBC, Munhwa Broadcasting Corporation, news department; place and date not given—recorded]

[Excerpt] [Passage omitted]

[Yi Tuk-yol] I would like to hear from you about your trip to Moscow. What did you think of when you were saluted by Soviet soldiers at Moscow airport?

[No] Many things crossed my mind. What kind of a country was the Soviet Union to us in the past? As you know, the Soviet Union was the suzerain country of the ideology that stood at the extreme opposite to us. The Soviet Union was partly responsible for our division and for the war that forced on us a great tragedy.

Casting aside completely the hostility we were used to having for the suzerain country of our opponents, we have opened a new, historic road leading to detente, new cooperation. When I saw the soldiers of a country that used to claim to be the world's strongest salute to me, indeed many things crossed my mind.

[Yi] What kind of impact will your visit to Moscow have on Northeast Asia in general and on the Korean peninsula in particular?

[No] Simply put, I believe that the new relations between the ROK and the Soviet Union will serve as a new key to unlocking detente on the Korean peninsula and to breaking down the cold war alignments there.

Through the summit talks, our two countries have confirmed that they are of the same opinion on the need to build peace on the Korean peninsula and cooperative relations between the two countries and eventually open the door to reunification. So, the two of us agreed on mutual cooperation. This is the most important aspect of the summit talks.

We also agreed that the key to peace and stability in Northeast Asia lies on the Korean peninsula. So, I believe that the ROK-USSR summit talks will make a warm stream flow through the Korean peninsula, Northeast Asia, and even the Pacific.

[Yi] It is impossible to think of ROK-USSR relations without looking at our country's relations with the United States, Japan, and China. We are anxious to hear from you how you will chart the course of our relations with these major powers surrounding us.

[No] Up until now, we have maintained our relations with the United States and Japan in areas of security, diplomacy, and economy. I think that our diplomatic relations with two major powers, namely the United States and Japan, will expand to relations with four major powers, meaning the United States, Japan, the Soviet Union, and China.

This means that our diplomatic relations that have been confined only to certain countries will develop in all directions and cover the whole world. This also means that our country's standing has improved.

We can never afford to pay scant attention to our diplomatic relations with such old allies as the United States and Japan, countries that have helped us to achieve security and economic growth. The basic tenor of our diplomacy is to cement even further our relations with these old allies and to broaden our relations with other countries based on the strengthened relations with them.

[Yi] Regarding our relations with the United States, I would like to come back with a little more specific question a little later. What is your opinion about the establishment of diplomatic relations with China? When do you think it will be possible?

[No] Few people would have imagined a few years ago that our country could establish diplomatic relations with the Soviet Union. We just have done it, however. I believe that still many people are skeptical about the possibility of our country establishing diplomatic relations with China.

We have opened the road to Moscow and our road to China will be opened step by step. Relations between our two countries have reached a point of opening trade missions, and exchanges are actively being promoted in various areas, including economy and culture. Normalizing political relations between the two countries may have to go through some stages, but progress is being made in that direction. I am convinced that this, too, will be achieved in the not too distant future.

[Yi] Do you suggest that we intensify our TV coverage of China next year?

[No] [laughter] Let us hope so.

[Yi] Now, let me ask you one more question about relations with the United States. It seems to me that our relations with the United States have become a little uneasy. In what way will you try to readjust them?

[No] The deeper and the closer our relations with the United States become, the more often the two countries make mutual contacts, not to mention exchanges. It is like a family where everybody has different opinions on things. The family can become more harmonious and prosperous through fierce debates and quarrels.

The same is true of our relations with the United States. I think that the friendly relations between Korea and the United States have never been stronger than they are now. Only over trade missions do they have some different opinions. The trade volume between our two countries has grown to over $40 billion a year. The country with whom we do most of our trade is the United States. Also, with the United States standing firm on the principle of free trade, we do the most of our trade with that country.

Since it is a big recipient of our exports, the United States, too, wants to export its goods to our country. The biggest issue concerns, of course, agricultural products. Next comes the service industry and many others.

It is natural for the United States to keep urging us to open up our markets to its goods. As is known, our farmers face a host of difficulties. Therefore, we should open our market to certain items among U.S. agricultural products after taking into consideration the difficulties of our farmers. We should also persuade the United States to give our country some grace period for some of our agricultural products by explaining the degree of difficulties, through dialogue and negotiations. In this way, I believe that our government is capable of making compromise with the United States. It is also my belief that our country's civilian sectors can settle the issues with the United States through active exchange, dialogue, and negotiations. Each country will keep demanding that the other open up its market a little more. Don't you think this is the principle of free trade?

I believe that the two countries should never allow trade issues to generate difficulties in other areas.

[Yi] Arriving at Seoul airport after concluding your summit talks in Moscow, you said that the day you can go to Pyongyang is not far away. Could you please tell me about the prospects for a South-North summit meeting?

[No] Of course, I said that. Over the past 40 years, we have repeatedly tried to open a direct road to Pyongyang, going through Panmunjom and Kaesong. So far, our efforts have brought no results If the short cut to Pyongyang is blocked, we'll have to take a detour there. If there is any road that leads to Pyongyang, we should start our march on that road, no matter how distant it may turn out to be. This is the goal of our northern policy, as well as my philosophy. I mean to say that if there is any road that leads to reunification, we should start walking along it, no matter how treacherous it may be.

Fortunately, our national strength has grown. During the Olympics, the East European countries saw our country with their own eyes. They realized rather earlier that communism had reached its limit and have changed themselves.

As a result, our country has established diplomatic relations with some of the East European countries. Our country's diplomatic relations with the Soviet Union, the suzerain country of the communist bloc, is one of the most important events. In this context, my visit to Moscow can be said to have made my visit to Pyongyang a lot easier.

If things turn out as expected and if I were able to go to Beijing, it is the same as saying that the road to Pyongyang has been kicked open a little wider.

North Korea alone remains unchanged. Even North Korea will find it impossible to remain unchanged.

No country on earth can live alone, without having relations of any kind with neighboring countries. It was through economic cooperation with the Soviet Union, China, and the socialist countries in East Europe that North Korea was able to develop itself. When economic cooperation with these countries stops, North Korea has no way of surviving. In other words, North Korea has no choice but to change itself. This is why we have long called for a South-North summit meeting.

Things have changed considerably. In the past, North Korea had allies behind it that were willing to provide it with considerable military aid and other forms of assistance in a crisis. We feared the possibility of North Korea making a miscalculation and provoking military clashes. North Korea has tended to underestimate the South. We meant to make North Korea understand South Korea correctly.

South and North held talks in the past, but in those talks the two sides were able to discuss only extremely limited issues. It was impossible for North Korea to understand South Korea through those talks. President Kim Il-song has not had a proper report on these talks. This was natural, because North Korea did not have correct knowledge about South Korea. So, there was high possibility of North Korea making miscalculation about South Korea.

Now, the Soviet Union or China are not in a position to help North Korea even if it provokes military clashes. Nevertheless, we cannot slacken our vigilance against a localized provocation, not a full-scale one, which North Korea might incite to overcome some internal difficulties. Otherwise, North Korea may feel the need to conduct dialogue and, beyond that, summit talks with South Korea.

If North Korea continues to maintain competition, confrontation, and hostile relations with South Korea instead of holding summit talks, its neighboring countries will not help it. This will force North Korea to realize that the only way of getting help from outside is through dialogue with South Korea. Only by maintaining cooperative and conciliatory relations with South Korea can it hope for assistance from it.

North Korea may have concluded that it needs summit talks with South Korea, more than ever before. This is why I say that there will be not so many difficulties in holding South-North summit talks as in the past. Of course, I cannot tell you exactly when the summit talks will be realized. Nevertheless, let me assure you that it will be possible in the not too distant future. [passage omitted]

Government Policy on Major Powers Viewed

SK0101151191 Seoul HANGYORE SINMUN in Korean 30 Dec 90 p 3

[Article by reporter O Tae-kyu]

[Text] The fact that the government decided to differentiate its relations with the four major powers surrounding the Korean peninsula, namely the United States, Japan, the Soviet Union, and China, shows the government's medium and long-term measures to cope with the diplomatic competition that is expected to develop fiercely among them over the peninsula.

The Korean peninsula situation has already begun to be engulfed in major changes, such as the establishment of ROK-USSR diplomatic relations and the moves to improve relations between the ROK and China and between North Korea and Japan. This, therefore, necessitated that the government make some preparations.

With the rapid development of the ROK-USSR relations, a delicate coolness seemed to come between the ROK and friendly countries, such as the United States and Japan. This caused concern that the ROK may be losing old friends while trying to make new ones.

Some argue that if the ROK conducts its foreign policy recklessly in the rapidly changing Korean peninsula situation, we could repeat the mistake of the humiliating history in the early twentieth century, when the Yi Dynasty lost the country's sovereignty amid the competition of rival major powers. As valid as this argument is, of course, we have the contrary assertion that this is no longer a time in which the stronger can conquer the weaker at will. Also, because of the ROK's greatly enhanced current national strength, we do not have to worry unduly.

The government decided to differentiate its relations with the United States, Japan, and the Soviet Union, defining them as relations of alliance, of friendship and cooperation, and of good neighborly cooperation, respectively. This is apparently because it wants to promote nordpolitik without causing any damage to its relations with the existing friendly countries for the time being. The fact that the government set its relations with the United States as relations of alliance is not new. Still, it reemphasizes its position that despite the rapid progress of ROK-Soviet relations, there should not be any major changes in the ROK-U.S. security and cooperative relations.

In other words, this suggests that the denuclearization of the Korean peninsula, the withdrawal of U.S. troops, the formation of a multilateral security cooperation organization of the Asia-Pacific region, etc., which are implied in the Moscow Declaration and which represent the

Soviet policy toward the Far East and Asia in contradiction of the U.S. position, will remain a mere symbolic declaration on the Korean peninsula for the time being.

The fact that the government decided to maintain its relations with Japan as relations of friendship and cooperation reveals it does not want relations with Japan to extend to the military and security fields.

The fact that the government set its relations with Japan one step lower than those with the United States intensely reflects its concern that Japan will become a major military power. This is the standpoint of a country that suffered from Japanese aggression.

As for the Japanese moves to send its Self-Defense forces to the Persian Gulf, the government made clear its position that the ROK is concerned abut Japan becoming a major military power and hopes that it will send economic assistance instead. However, the fact that the government decided to set its relations with Japan at the level between those with the United States and those with China and the Soviet Union reveals its desire to maintain close relations with Japan. These relations are more than mere economic cooperation, such as winning Japan's support for the ROK's foreign policy.

A government official said: If you insist that we classify the countries with which we have diplomatic relations according to this criteria, the Western countries such as Britain, Germany, and France will belong in Japan's category. The government decided to define our relations with the Soviet Union and China as mere cooperative relations for mutual progress because despite the rapid improvement of relations with these countries, they do not compare with the United States and Japan in view of their political systems and state objectives.

A government official said: With the rapid progress in our relations with the Soviet Union, even some government officials tend to think that the Soviet Union has become our closest country. One should note the fact that in the Moscow Declaration, which is regarded as an historic document between the ROK and the Soviet Union, there is no word "friendship" which is often used in the relations between two countries. He then added that our relations with the Soviet Union and China are for promoting cooperation for mutual benefit in such fields as economy and trade.

That the government formulated the concept of our relations with the four major powers is also designed to prevent the split of national opinion that may result from the development of the full-fledged four major powers diplomacy.

In fact, a side effect of the nordpolitik is already felt in the political and economic circles even in its initial stage of development. Some figures are described as pro-U.S. and some as pro-Soviet figures.

Therefore, the government is concerned that unless we clarify our position on diplomacy with the four major powers in this initial stage of nordpolitik, we may be engulfed in the situation where the entire country's fate is determined by a change in the balance of power among the major powers, just one century after the Yi Dynasty's downfall.

However, we can hardly predict how long these criteria of differentiated relations will work in the rapid changes occurring around the Korean peninsula.

It is generally observed that in the long run, U.S. influence on the Korean peninsula will recede gradually, while the influence of the Soviet Union, Japan, and China will increase, relatively.

Therefore, it seems important how positively the government will be able to control its relations with the four major powers in conformity with the changes in their influence.

Another important task facing the government in coping with the four major powers diplomacy is to induce the national opinion to follow the country's interest.

A government official said: It is inevitable that there will be competition among the major powers surrounding the Korean peninsula in view of its geographical position. It depends upon our own ability how we will be able to influence this situation to our advantage.

Unification Minister Hints at Summit Talks

SK2912083290 Seoul SEOUL SINMUN in Korean 29 Dec 90 p 4

[From the "Stroll on the Political Street" column]

[Text] During his inauguration ceremony which was held on the morning of 28 December at the conference room of the National Unification Board with 120 ranking officials in attendance, Choe Ho-chung, deputy prime minister and minister of the National Unification Board, said: "I accompanied the president to Moscow. I will accompany him to Pyongyang next year." In this way, he strongly hinted that he will strive to arrange summit talks next year.

Deputy Prime Minister Choe also said that "if the North and South build confidence through exchange and cooperation, reunification will be further hastened," adding: "My appointment as minister of the National Unification Board is unexpected. Let us all make efforts to hasten reunification with a sense of mission."

Rogachev Urges End of Arms Race on Peninsula

SK0301095291 Seoul YONHAP in English 0923 GMT 3 Jan 91

[Text] Seoul, Jan. 3 (YONHAP)—The Soviet Union supports any form of reunification for South and North Korea that satisfies both sides and complies with the will and interests of the Korean people, Soviet First Deputy

Foreign Minister Igor Rogachev said in a recent interview with a South Korean newspaper.

"The restoration of national unity should take place on a peaceful and democratic basis without the interference of outside forces," Rogachev told the TONG-A ILBO daily. Saying the high concentration of weapons on the Korean peninsula was "a source of grave concern," Rogachev called for suspension of the arms race between South and North Korea.

"It is clear to everyone that the build-up of military might on both sides of the demarcation line not only kills the first signs of trust between the two Korean states but is fraught with the danger of an armed conflict," he said. "The main task of inter-Korean dialogue is to stop the arms race on the Korean peninsula as soon as possible."

An accord between the South and North on confidence-building measures and reduction of armed forces and arms would be a step toward reducing military confrontation on the peninsula, he said. To make dialogue productive, Rogachev said, "both Korean states should try to take each other's positions and initiatives with trust and not reject them out of hand."

Asked about cross recognition of South and North Korea by the four powers—the United States, the Soviet Union, China and Japan—Rogachev said all relations except for those between the United States and North Korea had improved.

"We would welcome a normalization of relations between the United States and North Korea," he said. "The recognition of the realities of the Korean peninsula would contribute to the improvement of the local situation and the creation of favorable external conditions for a Korean settlement."

The past year, Rogachev said, was remarkable and signified a turning point in relations between the Soviet Union and South Korea. The Seoul-Moscow summit and the declaration on the fundamental principles of relations "laid a good basis for the development of all-round cooperation between the Soviet Union and the Republic of Korea," he said. "A blend of the USSR's resources and scientific potential with the managerial and financial possibilities of Korean businessmen could yield tangible mutual benefits in the economic field. "Cultural exchanges between Koreans in the Soviet Union and in South Korea undoubtedly will be boosted by an agreement on cultural cooperation which we intend to sign in the near future."

On domestic economic reforms, Rogachev denied that the Soviet Union was changing from socialism to capitalism and said, "there is a difference between a socialist and capitalist economy, in my opinion. A socialist economy should have greater social responsibility, which is why the main aim of our reform is to turn the economy to the needs of the people."

Soviets Viewed As Alternative for Technology Void

SK0101043791 Seoul THE KOREA HERALD (SUPPLEMENT) in English 1 Jan 91 p 3

[By Shim Yong-su]

[Text] Korea is seeking an alternative solution to heightening technology protectionism in the advanced Western countries such as the United States and Japan from the Soviet Union. Korea hopes that the Soviet Union will provide advanced technologies which the Western industrialized nations have been reluctant to give for fear of a boomerang effect.

A solid foundation for technology cooperation between the two countries has been laid by a technology cooperation agreement which was signed during President No Tae-u's official visit to Moscow in December, the first by a Korean head of state. The agreement was among the four major bilateral accords, including an investment guarantee pact, which promises to help open an era of full-fledged economic cooperation between Korea and the Soviet Union.

The science cooperation agreement calls for exchanges of visits by scientists and research personnel, sharing of research results and scientific information as well as many seminars and symposiums.

An official at the Korean Science and Technology Ministry said that the prospect for bilateral cooperation between Korea and the Soviet Union in the fields of science and technology are very bright. Kim Son-kae, deputy director of the ministry's International Cooperation Division based his observation on the fact that the two countries' economies are very complemental and need each other's help for a new takeoff. Korea, on its part, badly needs the Soviet Union's advanced basic science technology to counter an ever increasing technology protectionism trend in the Western world.

On its part, the Soviet Union looks to Korea to provide its advanced consumer goods-producing technology and facilities to solve its serious consumer goods shortage. Government officials and business executives of both countries have already confirmed the possibility that such economic cooperation can be successfully pursued. Soviet officials assured that the Soviet Union is willing to provide Korea with advanced scientific technology without any restriction.

The latest such assurance came from Valeriy A. Mikhail, the first deputy chairman of the USSR State Committee for Science and Technology, who visited Seoul Nov. 25-30. Mikhail also told Korean officials that there will be no problem with technology transfer to Korea as long as the principle of mutual benefit is respected. His remarks strongly suggested that the Soviet Union wants Korea to provide consumer goods-production technology without any restrictions too. Mikhail was the highest Soviet science and technology-related government official to visit Seoul. He is known to have great influence on the Soviet Union's government science and technology policies.

The Korean Science and Technology Ministry's Kim said that the Soviet Union is at the world's top level in many scientific fields such as aviation and space, atomic science, and material science, many fields in which Korea has increasing interest. He said that the Soviet Union is looking for a partner which will help apply the advanced basic science technology into commercial industrial technology and apparently sees Korea as a suitable partner. The ministry official said that Korea may use technology cooperation with the Soviet Union as a leverage in negotiation with Western countries for technology introduction.

Western industrialized nations have been increasingly hesitant to transfer to Korea advanced industrial technology for fear that Korea may become their major competitor in international markets. The United States and Japan, the two key technology suppliers to Korea, have dodged Korea's demand for technology transfer by either demanding an exorbitantly high rate of royalty or imposing other "unacceptable" conditions. Kim described technology cooperation between Korea and the Soviet Union as being at a "grouping stage" and it will take some time for such cooperation to bear major fruit.

At least a dozen Korean conglomerates have either reached initial technology cooperation agreements with Soviet firms or research institutes or are conducting negotiations on just such issues, Kim said. Daewoo has agreed to set up a $300,000 joint venture with the leading Soviet state reach institute, IOFFE, to commercialize the latter's advanced basic science technology. IOFFE, named after a noted Soviet physicist, is one of the Soviet Union's most prestigious nuclear and material science institutes, Kim said.

The joint-venture agreement was signed in November in Moscow by Daewoo Corp. President Yun Yong-sok and V.M. Alferov, director of IOFFE. The joint venture will produce industrial products by applying IOFFE's advanced technology, particularly in opto-electronics, metal coating and new material sciences, Kim said.

Samsung Electronics, Korea's largest electronics maker, is seeking to introduce Soviet technology owned by a handful of foreign countries, including Japan. Samsung is also looking to the Soviet Union for advanced technology in communication satellites.

Lucky-Gold Star, a leading Korean electronics maker, is also studying introducing Soviet technology on high-definition television and electronic control system of such home appliances as, washing machines, and air conditioners.

The Korean company is also considering buying the Soviet Union's advanced chemical engineering technology, particularly natural gas-processing technology.

Kolon is talking with the Soviet Union on introduction of nuclear power system technology, and Hyosung is setting its eye on Soviet biochemical engineering technology, Kim said. Ssangyong is in an advanced stage of talks with the Soviet side on joint research in ultra high-strength materials.

Several Daewoo officials are already staying at the IOFFE institute for joint research works, Kim said. The Korean government has made its own effort to promote Soviet technology among Korean businesses.

The Science and Technology Ministry analyzed about 800 major Soviet technologies with potential for commercial application and distributed the outcome of the analysis to Korean firms in August. Many Korean government officials and businessmen agree that technology cooperation will become the most important economic cooperation between Korea and the Soviet Union along with merchandise trade.

Korean-Soviet Firm To Build Ultrasound Plant

SK2612024890 Seoul THE KOREA ECONOMIC JOURNAL in English 24 Dec 90 p 16

[Text] Medison Co., a medical instruments maker in Korea, is aggressively promoting a joint-venture (JV) project to build a plant in the Soviet Union, as well as exports of ultrasound diagnostic scanners to that country.

According to Medison sources, the company signed a JV contract with the Soviet Office of Supply (V-O Vneshpromtechobmen) to construct an ultrasound diagnostic scanner production plant in the Soviet Union with a total investment of $2 million to be equally shared by both parties.

Under the JV contract signed between Yi Min-hwa, president of Medison, and Mr. Smorodsky, vice president of V-O Vneshpromtechobmen, Medison will make $500,000 worth of technological investments and $500,000 in cash, while the Soviet side will invest $1 million in cash.

The JV plant, to be dedicated next July, will produce more than 1,000 ultrasound diagnostic scanners annually.

In addition, Medison signed a sales contract to export 250 ultrasound diagnostic scanners (model: SONOACE-88) worth $2.5 million to the Soviet Union. The company plans to complete the first shipment of 50 units before this year-end, and to ship the remaining 200 units by next May.

Ultrasound diagnostic scanners are high-tech medical instruments which have been developed under joint R&D with the Korea Advanced Institute of Science and Technology (KAIST) since 1983. Korea's exports of ultrasound diagnostic scanners are expected to reach $300 annually over the next 5 years thanks to their high quality and price competitiveness.

Soviets Will Not Receive Czarist Property

SK2512055890 Seoul YONHAP in English 0510 GMT 25 Dec 90

[Text] Seoul, Dec. 25 (YONHAP)—The title to property in South Korea that was owned by Czarist Russia will not be given to the Soviet Union because the land was legally nationalized in 1970, a senior Foreign Ministry official said Tuesday.

"The Soviets have raised the issue of handing over the site of the Russian legation in Seoul through informal diplomatic contacts, but transfer is non-negotiable since the government nationalized the site through legal procedures in 1970," he said.

Choson Dynasty Korea signed a treaty of commerce with Russia in 1884, but ties were broken off under Japanese pressure on May 18, 1904. Relations were not normalized until Sept. 30 and a Soviet Embassy was opened in Seoul on Dec. 7.

"It has nothing to do with the Russian legation, but we are considering selecting an appropriate site for an embassy on the basis of reciprocalism because we have suffered some difficulty setting up an embassy in Moscow," he said.

The Soviet Union has made informal approaches concerning the return of the site of the legation in Seoul but no formal request has been made.

Book on Soviet Laws Published for Business Use

SK3012013690 Seoul THE KOREA HERALD in English 30 Dec 90 p 3

[Text] The Ministry of Justice yesterday issued a publication on the Soviet laws, the second of its kind, to render legal assistance to Korean businesses dealing with the Soviets, the ministry said.

The book titled the Soviet Laws Part II contains an interpretation and commentary of economy-related laws of the Soviet Union on intellectual property rights, settlement of liabilities, the legal status of corporations and labor-management relations. The book is aimed to help Korean businesses to effectively cope with possible legal obstacles in their dealings with the Soviet Union, the ministry said.

For businesses which want to establish joint ventures with the Soviets, the book has one chapter which contains the full text of the Soviet labor law explaining various relations among labor, management, corporations and the government. The Patent Law chapter explains regulations on the protection of patent rights and other intellectual property rights. The book also explains laws on making contracts with foreign countries regarding scientific cooperation and trade.

Trade, Industry Minister Refers to U.S. Dispute

SK2912084190 Seoul HANGYORE SINMUN in Korean 29 Dec 90 p 4

[Text] On 28 December, Minister of Trade and Industry Yi Pong-so counted the settlement of the trade issue with the United States as the top-priority pending issue of the ministry and revealed that primary efforts will be made to settle the issue.

At his first get-together with reporters after his inauguration ceremony, he said that "the Ministry of Trade and Industry will make the settling the trade issue its first priority among the pending problems of the ministry," and disclosed that "when a bill or a policy is worked out, an impact on the trading partners will be, in principle, taken into account in the future."

Noting that "the recent trade problem is not an unexpected big problem, but an example of small problems piling up and expanding into a big misunderstanding," he said that "however, the big cause of this misunderstanding, in principle, lies in leaving the source of misunderstanding as it is while failing to persuade the other side."

In connection with the recent recession in exports, he said that "as for the future export policy, the government will help the business circles to take the initiative in exports and it will concentrate its efforts on consolidating a foundation for developing production technology by mapping out a long-term export policy."

Premier Designate Denies Rift With Kim Yong-sam

SK3012012290 Seoul THE KOREA TIMES in English 30 Dec 90 p 2

[From the "Press Pocket" column]

[Text] Prime Minister-designate No Chae-pong said there is no truth to the rumor that relations between him and ruling party executive chairman Kim Yong-sam are anything but amicable.

He was responding to a reporter's question when he visited party officials including Kim and co-chairmen Kim Chong-pil and Pak Tae-chun for the first time since he was picked by President No to become premier. "Why don't you ask executive chairman Kim, it's not true," he said with a laugh. No and Kim were reported to be at odds as No opposed Kim's move to keep the present presidential form of government.

Meanwhile, Kim Yong-sam also jokingly answered, saying "there are some reporters here who wrote so in their newspapers. Does it pique the people's interest when you write those kind of stories."

The prime minister-designate resolved to do his best although he said he lacks experience. They also agreed to make it a rule to hold one meeting a month between the government and party. Party leaders especially Kim Yong-sam earnestly asked the new premier to exert efforts to make the meetings substantial because of concern over his unilateral administration. No is noted for his strong will.

Prime Minister-Designate Encounters Resistance

SK3012010990 Seoul THE KOREA TIMES in English 30 Dec 90 p 2

[From the "Press Pocket" column]

[Text] The get-acquaintance meeting between new Prime Minister-designate No Cha-pong and Chief Justice Kim Tok-chu unexpectedly turned into an "argument" over a traditional democratic principle, the separation of the three powers.

Paying a courtesy call on the chief justice, No said, "I studied law a little. But, the separation of the three powers is so strict in our country that the three organs often conflict with one another." No was a professor of political science at Seoul National University before he was picked as a political advisor to President No Tae-u two years ago.

He then called for cooperation from the head of the judiciary in state administration. Chief Justice Kim retorted by saying, "In my opinion, democracy can not be attained without the genuine separation of the three powers."

No paid a courtesy call on Kim Yong-sam, executive chairman of the ruling Democratic Liberal Party, Cho Kyu-kwang, president of the Constitution Court, and House Speaker Pak Chun-kyu yesterday. But opposition leader Kim Tae-chung whose party views No as an "unacceptable choice" refused to receive him. The Party for Peace and Democracy claims that President No's nomination of the prime minister without prior endorsement runs counter to the Constitution.

Kim Tae-chung Terms Cabinet Reshuffle 'Illegal'

SK2912004190 Seoul THE KOREA HERALD in English 29 Dec 90 p 2

[Text] Opposition leader Kim Tae-chung demanded yesterday that the 10 newly appointed cabinet members be dumped as he believes they were illegally appointed. Kim, head of the Party for Peace and Democracy said President No Tae-u made new appointments without the consent of the National Assembly, as is required in the Constitution.

No named No Chae-pong the new prime minister and reshuffled 10 cabinet posts Thursday. The Construction states that the President shall appoint a prime minister with the majority of consent of the Assembly. The ruling party controls two thirds of parliament. The new prime minister is considered the acting prime minister until his appointment is officially approved.

"It is unconstitutional to have appointed the cabinet members without going through the procedure of obtaining consent from the Assembly for the appointment of the prime minister," Kim told a news conference. Kim said the President violated the basic law in December 1988 when he named Kang Yong-hun prime minister. "Although the government had promised to stave off a recurrence of such things, it has not kept the promise this time," he declared. Kim said he would not greet No even if he comes to his office until the latter's appointment has been approved by the Assembly.

Kim Yong-sam Feels Sense of Crisis at Reshuffle

SK2912010790 Seoul THE KOREA TIMES in English 29 Dec 90 p 2

[By staff reporter Sin Hak-lim: "Two Kims Get Alerted at No's Appointment"]

[Text] President No Tae-u's choice of his chief of staff No Chae-pong as new prime minister appears to be a great setback to Kim Yong-sam.

The professor-turned new prime minister known to have a very decisive character will be a unruly chief administrator for Kim. He needs close associates in the administration and their cooperation in his ambition for power.

Ruling party insiders hastily interpreted No's deployment of his "young" loyalists in key posts in the administration and Chongwadae as a design to promote the change of the guards in political leadership, both in the ruling and opposition parties.

Of course, the major targets must be Kim Yong-sam, executive chairman of the ruling Democratic Liberal Party [DLP] headed by No, and Kim Tae-chung of the main opposition Party for Peace and Democracy [PPD]. Both Kims are in their 60's.

In sharp contrast with any Cabinet lineups in the past, new replacements were all in their 50's, except Deputy Premier-Unification Minister Choe Ho-chung, 60. There were new prime ministers in their 50's in the past, except under the late president Pak Chong-hui who came to power in his 40's.

Outwardly, DLP executive chairman Kim gave a positive comment to No's appointment as new prime minister. But, key aides to Kim did not hide their displeasure and concern over the future relations between No and Kim.

The choice of No is attracting particular attention as it comes at a time when voices are mounting for the removal of the two Kims from active political leadership.

Rep. Choe Kak-kyu, chief policymaker of the DLP and a follower of co-chairman Kim Chong-pil, said, "I can read No's message to promote the change of the guards in political leadership from his choice of No as prime minister."

New Prime Minister-designate No is 54. Besides the age, there are some other reasons why Kim Yong-sam might feel a sense of crisis in regard to his personal ambitions.

No, an advocate of the parliamentary cabinet system as the form of next government, is the very presidential staff member who advised President No not to make concessions to Kim during a showdown over the plan to adopt the parliamentary cabinet system. Nevertheless, No accepted Kim's demands and withdrew the plan to change the government to a parliamentary cabinet system.

Since then, Kim may have harbored ill feeling against the alleged "hawkish" No.

As a guest speaker at a seminar of No's old ruling Democratic Justice Party about two years ago, then professor No alleged that opposition leader Kim Tae-chung maneuvered the May, 1980 Kwangju uprising in order to gain his opposition hegemony "by way of his seasoned strategy of beating around the bush." His remarks caused controversy and caused him to leave his school post.

Observers also predicted that No's abortive plan to adopt the parliamentary cabinet system may be pushed again with the shakeup of the Cabinet and the presidential staff.

No and Kim Yong-sam agreed not to promote the constitutional revision for the parliamentary cabinet system until after the end of the term of the 13th National Assembly.

However, No's followers hopefully expect a turning point to be occasioned by the local council elections slated for March next year.

Days before being appointed as senior presidential secretary for political affairs, Rep. Son Chu-hwan said, "If PPD president Kim Tae-chung's party fails to garner fewer votes than expected in the neutral Chungchong, Kyonggi and Kangwon provinces during the upcoming local council elections, he might give up his ambition for the presidency and turn to a parliamentary cabinet system. Otherwise, the promotion of the parliamentary cabinet system is impossible at all."

The appointment of former four-term lawmaker Choe Yong-chol, who came from Mokpo, home city of Kim Tae-chung, as a special assistant for political affairs might have something to do with this consideration, according to an aide to Kim Yong-sam.

Another disappointing point for Kim Yong-sam is the rollback of Rep. Pak Chol-on who dared to challenge him in April and was relieved of the post of first state minister for political affairs. Pak was appointed as sports-youth minister and is expected to serve No within his easy reach again.

As if backing up speculations surrounding the Cabinet reshuffle, No readily declared during a press meeting upon his appointment that he will focus his duty on promoting the "decentralization of power" along with the "de-concentration" of economy and the "devolution" of administrative power.

His remark was viewed as a clear-cut expression of favoring the parliamentary cabinet system instead of the current presidential government system.

First of all, President No did not seek a prior "understanding" of Kim Yong-sam in choosing secretary general No, unlike in the past Cabinet shakeup since the creation of the DLP in February.

Now, the authority and influence of Kim Yong-sam, who is regarded as being the favored ruling party presidential nominee is facing the biggest-ever test within and without his party.

It is no accident that the members of the mainstream faction composed of No's followers demonstrated their "solidarity" during a year-end party on Christmas Day.

New Cabinet Seen As Younger, 'Iron-Willed'

SK3012003990 Seoul THE KOREA TIMES in English 30 Dec 90 p 2

[From the "News in Review" column by political editor Chong Un-pong]

[Text] On Thursday, President No Tae-u knocked a new Cabinet together, anointing his protege No Chae-pong as new prime minister.

The meteoric rise of the 54-year-old No, full of vigor and youth, sends a blunt and forceful message. Given his mandate as a popularly-elected president, No is determined to take a bossy and pushy line to preclude the lameduck syndrome. At the same time, he appears to be determined to clear the deck of old-time politicians during the remaining two years of his five-year term.

The two Kims—Kim Yong-sam and Kim Tae-chung—who are burning with ambition to take power after No have every reason to be wary. No is not the type they would like. He can put up obstacles here and there. Once he makes up his mind, he can be dauntless in the elimination of professional and career politicians stuck fast in the established political structure.

For Kim Tae-chung, No's remarks when he was still a professor at Seoul National University blaming him for the bloody Kwangju uprising may still be ringing loudly in his ears.

Kim Yong-sam must be feeling his bowels twisting, remembering the brawl with him over the introduction of the parliamentary cabinet system in place of the present presidential one.

The comment of Kim Chong-pil, who vied with the two Kims and No for the presidency, is indicative. He said, "The reshuffle of the cabinet is a call for us to step aside." Major of the United Kingdom is in his late 40's. Kaifu is in his mid 50's and Gorbachev is in his late 50's. The two Kims may feel impatient because time is running out for them because they are well over 60.

Aside from the political ramifications of the character of the new lineup, the departure of Pak Pil-su raises special concern. He had been in the portfolio of the trade and industry for barely eight months when he was axed. The reason for his departure is no doubt the trade friction with the United States. What is worrisome is the possibility that No may have knuckled under to U.S. pressure. Pak was appointed with a mission to boost the sagging export performance. Pak energetically worked asking business leaders to whittle down imports of luxurious goods while increasing exports. The resultant ripple may have been felt most by the United States because it is Korea's biggest market for both imports and exports.

In recent days, U.S. Ambassador Donald Gregg has kept a high profile in his activities to protect the trade interests of his nation. As a guest speaker to the Korean Council on Foreign Relations in November, Gregg warned against import discrimination. In a recent interview with VOA, he made it clear in unmistakable terms that the United States will react strongly if U.S. products are targeted in the name of austerity. During his speech before the council, he began with a quotation from a British statesman, "For a nation, there are no friends but national interests only."

As an ambassador, there is nothing wrong with his activities promoting the interests of his nation. The Korean ambassador to Washington will do the same as Gregg has done here. But when it comes to his recent letter to then Foreign Minister Choe Ho-chung, he seems to have overstepped what should be expected of foreign envoys. The wording is undiplomatic, given the punctilious nature of diplomats. The letter goes, "I respectfully urge the Ministry of Foreign Affairs to work intensively with the National Assembly to ensure that the $50 million is restored to the budget."

The ruling and opposition camps have already admitted the need for the appropriation of the funds for the upkeep of U.S. forces stationed here. They have no intention to slash the money bill. The problem is legal procedures. Gregg has asked in writing the foreign minister to "work intensively."

While Gregg is working in the interests of his nation, the activities of Presidential envoy Cho Sun looked ridiculous. He made a visit to Washington to clear up misunderstanding U.S. leaders both in the administration and on Capitol Hill have of the austerity campaign here. He did not return barehanded. But, what he carried in his hand was not what was hoped for. It was a letter from President George Bush to President No calling for early resolution of trade issues pending between the two nations.

It was not proper for Cho to carry Bush's letter because he was not an emissary of Bush. Anyway, Trade Minister Pak was sacked. There is no knowing if his departure had any connection with the letter.

It is true that an austerity campaign is being conducted here. As aptly pointed out by Gregg, austerity is a virtue to be promoted. Early this year, The Washington Post carried an article in delusion [as published] of unleashed consumerism, arguing that Korea had prematurely uncorked the champagne. The same daily carried an article attacking Korea for stonewalling against import of U.S. products in the name of austerity. And Carla Hills appears to be wielding a stick against South Korea for not opening its markets to U.S. products.

With the new lineup of "ironwilled" personalities as Cabinet members, No will hang tough on the domestic front but it is dubious whether this will be the case of relations with the United States, given the full diplomatic relations he established with the Soviet Union.

'Two Kims' Suspicious of Cabinet Selections

SK3112021590 Seoul CHUNGANG ILBO in Korean 28 Dec 90 p 3

[Commentary by reporter Pak Po-kyun: "The Two Kims Were Angered by the New Cabinet Aimed at Strengthening the President's Grip on the Administration"]

[Excerpts] The cabinet reshuffle announced on 27 December, along with the restructuring of Chongwadae secretarial staff, created a delicate but meaningful ripple among the various factions inside the Democratic Liberal Party [DLP]. With the Party for Peace and Democracy [PPD] viewing the new cabinet as a nuisance, it remains to be seen how the other political camps will react to it.

The DLP, which has somehow managed to remain the center of the ruling party over the past year since it emerged as a colossus through the merger of three parties, seems to have been engulfed in a storm restructuring the pecking order of the ruling party. The storm is likely to relatively downgrade the position and role of the DLP faction inside ruling circles and curb the faction's exercise of the leading role in running political affairs as a whole.

The fact that the DLP's Cochairman Kim Yong-sam, who has taken pains to cement his position as No 2 man inside the ruling political camp, saw his opinion hardly taken into consideration in the process of screening candidates for the new cabinet and that DLP floor leader

Kim Yun-hwan, a self proclaimed channel to President No, was kept in the dark all the while the president was toying with many names.

Even after admitting the fact that selection of a cabinet is the function of a president, the appointment of No Chae-pong, secretary general of the presidential office, whom the Reunification Democratic Party [RDP] faction regarded as persona non grata because of the uproar that arose after a secret memorandum of agreement on pushing ahead with a parliamentary cabinet system of government was leaked to the press, has embarrassed the RDP faction. Up until now, the RDP faction firmly believed that Cochairman Kim and President No maintained a close relationship.

From the moment it heard the rumor that No Chae-pong would become prime minister, the RDP faction tried to make its opposition to his appointment known. This was because "Prime Minister No" had not tried to hide his criticism of Cochairman Kim's ambitions for presidential office or the latter's opposition to the parliamentary cabinet system.

It is also noteworthy that DLP floor leader Kim, who has claimed to be at the center of the ruling camp and who has supported Cochairman Kim, saw his prediction proven dead wrong. It was only at 2100 on the evening of 26 December, the night before the new cabinet was made public, that Cochairman Kim received a copy of the new cabinet list. Even floor leader Kim was kept out in the cold where the new cabinet was concerned.

President No is trying to strengthen the political function of his office by naming Minister of Labor Affairs Choe Yong-chol his special adviser on political affairs and DLP lawmaker Son Chu-hwan his senior secretary for state affairs. This means that President No is trying to broaden his grip on the administration, as these men are supposed to concentrate their efforts on keeping President No from being regarded as a lame duck.

Special advisers to the president on political affairs, including Choe, are known to have pointed out that the political structure built with Cochairman Kim Yong-sam and PPD President Kim Tae-chung at both ends would not function properly. These two men are expected to focus on strengthening President No's influence in the DLP as its president. This in turn will hinder Cochairman Kim's efforts to expand his influence within the DLP.

Although Cochairman Kim will try to use the election of local autonomous assemblies scheduled to be held next March as the first stage of a showdown with Kim Tae-chung over the presidential race, Chongwadae is likely to reopen the debate on the parliamentary cabinet system by keeping the elections from being politicized as much as possible and by completely denying the PPD any toehold.

This idea runs the risk of a head-on collision with the RDP faction which wants to make its plan for the political structure in the post-No period in 1993 visible at the earliest possible date. [passage omitted]

PPD President Kim Tae-chung had his party issue a commentary reflecting his profound displeasure and disappointment at the new cabinet on 27 December. He urged the government to withdraw the new cabinet in a hastily arranged press conference on 28 December. [passage omitted]

President Kim said: The Constitution clearly stipulates that the president is to approve of a new cabinet after it is appointed by a prime minister who has been approved by the National Assembly. I do not know whether the Constitution permits an acting prime minister or not, but it would be a difficult problem if a prime minister-appointee, who is uncertain whether he will be approved or not by the National Assembly, were to appoint his cabinet.

Thus, PPD President Kim pointed out the illegal nature of the appointment of a prime minister without ratification and then demanded that the new prime minister "refrain from taking office" or that "President No withdraw the announcement of the new cabinet" or that "he stop appointing his cabinet members." [passage omitted]

As the PPD plans to take issue with this at the beginning of an extraordinary session of the National Assembly slated for early January next year, the No cabinet's ratification is likely to create another political uproar.

Former President's Political Intention Viewed

SK3012090890 Seoul YONHAP in English 0757 GMT 30 Dec 90

["News analysis"]

[Text] Seoul, Dec. 30 (OANA-YONHAP)—Former President Chon Tu-hwan's end of exile may be a beginning of political controversy that will either see factional tension or odd marriage between the former and incumbent government leaders.

Chon's decision to return arouse numerous speculations and possibilities, main ones being whether Chon's followers will seek political reunion, and if so, whether the reunion will be independent of or under President No Tae-u's leadership.

No expressed fully his hopes of having Chon return to Seoul, telling reporters and his Democratic Liberal Party [DLP] officials that his predecessor should resume normal life before this year is over. No said he himself talked with Chon over the telephone and showed further efforts by sending Presidential Secretary Kim Yong-iel to convey his message.

Officials at Paektam Temple, where the couple sought refuge, said Chon prepared to spend the winter season at the Buddhist monastery and spend his 60th birthday in January there as well. He suddenly changed his mind at the last minute at No's urging, they said.

In Saturday's television interview, No said he will "for sure " meet with Chon after the latter comes back to Seoul. Inherent in the president's moves is his anxiousness to mend his strained ties with Chon, his classmate from the Korea Military Academy, and a close personal friend. Chon, former general, seized power with No's backing, and Chon handpicked No as his successor.

No enters fourth year of his five-year presidency next February, and major loose ends include Cho and his followers who feel more than slighted by political ostracism from the incumbent government. Those supporters are said to be staging a comeback through series of local elections scheduled next year and National Assembly elections early 1992, and No can no longer ignore their presence or influence.

What No has in mind, however, is not free-reign for Chon's people but a merge-type union into the DLP framework. In order to naturally lead into the union, appeasing Chon is deemed critical. Visible efforts of appeasement are recent meetings between Kim Yun-whan, the DLP floor leader, and prominent figures from Chon's Fifth Republic. Some DLP members believe that Kim has promised them party nominations for the coming elections.

No is gambling at high stakes by taking these reconciliatory steps, inviting public outrage for joining hands with the still-despised figures from the Chon-led Fifth Republic. The merge will also supply opposition leaders with powerful arms to attack No, who they from the beginning claimed was the other side of the same coin from the Fifth Republic.

Chon has accepted No's pardon-like gesture by deciding to come out of exile. Chon, who many doubt has left behind his political aspirations, may link the gesture to a political pardon and try to compensate for his tarnished image by regaining power.

Throughout 25 months of seclusion at Paektam Temple, the former president and his wife were constantly visited by their closest associates, chiefly ex-director of Agency for National Security Planning Chang Se-tong, Chon's former chief body guard Ahn Hyon-tae, and former Unification Minister Ho Mun-to. Political observers predict that other supporters will be flocking to Chon's Yonhui-tong house after his return.

Chon, however, is restricted in exercising influence, especially at the cost of risking political confrontation with No's government. Prudence probably guided Chon when he opposed Kwon Chong-tal, secretary-general of the now-defunct Democratic Justice Party founded by Chon, who sought to form a new political party among Fifth Republic figures in January.

Kim Tae-chung Selects New Secretary General

SK2912035790 Seoul YONHAP in English 0232 GMT 29 Dec 90

[Text] Seoul, Dec. 29 (YONHAP)—Kim Tae-chung, president of the opposition Party for Peace and Democracy (PPD), appointed Rep. Kim Pong-ho Saturday to be party secretary-general.

Kim, 57, a three-term legislator from Haenam, South Cholla Province, and currently chairman of the National Assembly Economy-Science Committee, replaces Rep. Sin Sun-pom.

Rep. Yu Chun-sang was named chief of the party's political training center, and Rep. Yi Sang-su named chairman of the Human Rights Committee. The party elevated the position of head of the center to one of its four key functionaries.

Rep. Ho Man-ki was appointed to head the council of party discipline.

Sin Sun-pom will reportedly be arranged to take over the chairmanship of the National Assembly Economy and Science Committee while Rep. Kwon No-kap will be picked to be chief secretary to the party president.

Meanwhile, PPD's Floor Leader Kim Yong-pae, Chief Policy-Maker Cho Se-hyong and Spokesman Kim Tae-sik were all retained.

DLP Seeks Legislative Constituency Increase

SK2512020690 Seoul THE KOREA HERALD in English 25 Dec 90 p 2

[Text] The ruling Democratic Liberal Party [DLP] intends to increase the number of constituencies for legislative elections, a top party official said yesterday.

The increase, if realized, would automatically raise the number of lawmakers because under the current law, one lawmaker is picked from each district.

Chong Sun-tok, secretary-general of the ruling party, told reporters that a split of some electoral districts is inevitable as their population has increased sharply since the 1988 parliamentary elections.

Chong said his party will try to amend the parliamentary election law when the National Assembly convenes a 20-day session Jan. 24. The ruling DLP, with 218 parliamentary seats, controls the 299- member Assembly.

Chong, however, decided not to disclose how many crowded constituencies could be split into two or three districts for the next parliamentary elections scheduled for early 1992.

Party floor leader Kim Yun-hwan hinted that the number of legislators may increase by at least 30 to around 330.

Party sources, however, said the ruling party wants to reduce the number of lawmakers elected under the controversial proportional representation system.

They said the population size for electoral districts would decline as a result of restructuring of constituencies.

Population in rural areas has been decreasing drastically, while urban areas have shown explosive population growth.

The sources said that a constituency with three or four administrative districts, mostly in rural areas, could be divided into two constituencies or more.

DLP Secretary-General Chong said the ruling party would ease restrictions on electioneering.

For instance, restrictions on putting up posters and placards could be eased, he said.

Besides, candidates may be allowed to visit marketplaces, railway stations, department stores and other places where funerals or wedding ceremonies are held during the campaign period.

Chong said each candidate may be permitted to spend up to 300 million won during the campaign period instead of the present 70 million won.

The main opposition Party for Peace and Democracy [PPD], on the other hand, opposes revisions to the law governing legislative elections during an Assembly session in January.

The PPD would give top priority to the handling of the tough National Security Law and other "reform" measures during the parliamentary session, party officials said.

No Appoints Kim Chin-yong to Combined Command

SK2712053390 Seoul THE KOREA HERALD in English 27 Dec 90 p 3

[Text] President No Tae-u yesterday appointed Gen. Kim Chin-yong as deputy commander of the ROK-U.S. Combined Forces Command and Gen. Song Ung-sop as the first vice chairman of the Joint Chiefs of Staff [JCS].

Kim, 51, who has until recently served as commander of the Army Training and Doctrine Command (TRADOC), succeeded Gen. Na Chung-pae who was put on a reserve list.

Kim, known as a forerunner of the 17th-class graduate of the Korean Military Academy, was commander of the Capital Garrison Command during the Fifth Republic of former President Cho Tu-hwan.

Gen. Song, 52, is expected to become a delegate to the ongoing inter-Korean prime ministers' talks, replacing Chairman of JCS Gen. Chong Ho-kun, who has recently been given the considerable commanding authority of the three armed forces.

More Army Officers, Fewer Personnel Forecast

SK0301093891 Seoul YONHAP in English 0913 GMT 3 Jan 91

[Text] Seoul, Jan. 3 (OANA-YONHAP)—The Defense Ministry has drawn up a plan to trim the number of enlisted men in the South Korean armed forces and expand the officer corps over the next 10 years. A draft released Thursday proposes a shift in emphasis from size to strategy as part of an effort to cope with the changing global security situation, increasing the number of officers from 10 percent of manpower to the 14 percent or 15 percent of the United States and Japan.

To be implemented by the year 2000, the plan calls for the military to nurture field troops and policy directors. This signals a shift from size-based, labor-intensive military personnel management to a technology-intensive strategic structure, Ministry officials said, pointing to the transfer of reliance from the standing army to reserves. The aim is to attract highly qualified people and portray the military as a professional career, they said.

In preparation for local autonomy, the Ministry will give local reserves forces control over themselves, they said.

The proposed changes come amid unpopularity of the army, with applications to the military academy down to approximately 10,000 last year from 19,000 in 1985. ROTC (Reserve Officers' Training Corps) and graduate school recruits have also dwindled, falling from 7,800 in 1985 to just 3,100 last year, according to the Ministry.

Korea has concentrated heavily on developing its standing army over the last 40 years, but now the global security situation is changing and military budgets are being slashed, they said.

Moving away from a pyramid shape, with a large proportion of enlisted men, the Ministry will concentrate on nurturing officers who can direct soldiers in time of war instead of amassing large numbers of serving men, officials said.

The Ministry will recruit highly qualified people for a fast-track promotion scheme with shorter terms of service in each post and is considering scholarships for holders of master's and doctor's degrees if they will sign up for a career in the military, the officials said. The plan calls for increasing the proportion of higher degree holders in the military from the current 6 percent to 18 percent by the year 2000. Allowing women to enroll in the ROTC and the military academy is also under consideration, the officials said.

Burma

Rebel Prime Minister Sein Win Seeks Recognition

BK0301060191 Bangkok BANGKOK POST in English 3 Jan 90 p 2

[Excerpt] The prime minister of a rebel Burmese government set up in the jungles last month has been seeking recognition from diplomats in Bangkok, Burmese guerrilla sources said yesterday.

One source told Reuters that Sein Win visited Bangkok over the weekend with his foreign minister Peter Lin Pin. He returned to his Burmese jungle base in Manerplaw on Sunday, but the foreign minister remained.

"He met with some diplomats but this is very confidential," the source said.

The alternative government was established last month by men elected last May to a parliament that the country's military rulers have never permitted to sit.

"We seek support not only from the United States but also with others, European countries, and the democratic countries," another source said.

The rebel government has the support of the Democratic Alliance of Burma, which links most of the country's dissident groups.

Western diplomats contacted in Bangkok said they had been in contact with the rebel legislators, who have been branded "absconders from justice" by the military junta in Rangoon.

The diplomats said there was virtually no chance of the jungle government being formally recognised by a major state.

"We have told them we will talk to them, that we are interested in what they are doing," one said.

Sein Win is a cousin of detained Burmese democracy campaigner Aung San Suu Kyi. [passage omitted]

Trade Ministry Reports on Companies' Registration

BK0101075991 Rangoon Domestic Service in Burmese 1330 GMT 31 Dec 90

[Text] The Companies Registration Office of the Trade Ministry of the Government of the Union of Myanmar [Burma] has approved and registered 57 limited companies, one foreign company office, and 13 joint ventures during December 1990 in accordance with the Myanmar Companies Registration Act and the Joint Ventures Act.

Altogether there are 672 limited companies, 77 foreign company offices, and 525 joint ventures registered up to December 1990.

Brunei, Malaysia & Singapore

Malaysia

Government Urges Peaceful Efforts Past 15 Jan

BK0301043091 Kuala Lumpur BERNAMA in English 0412 GMT 3 Jan 90

[Text] Kuala Lumpur, Jan 3 (OANA-BERNAMA)—Malaysian Government and the opposition MPs [members of Parliament] will appeal to U.S. President George Bush to continue with non-military efforts to resolve the Gulf crisis even after the Jan 15 deadline.

They will send a "peace letter" to Bush, asking him to exhaust all efforts before resorting to the threat of war.

Sixty-seven MPs have signed the letter and more are expected to do so before it is handed to the U.S. Embassy Thursday.

The signatures were collected by the movement for peace at Parliament House Wednesday.

In the letter, they opposed the invasion an occupation of Kuwait by Iraqi forces as well as the presence of foreign troops in the Gulf. They also expressed concern over the plight of the Palestinian people.

They added that the Gulf crisis had provided a golden opportunity for a just and lasting and peaceful solution to the Palestinian problem.

We regret that your (Mr. Bush's) government has not addressed the problem more positively. It is not too late to play a more positive role in the pursuit of peace, they added.

A committee member of the movement, Dominic Puthucheary, added that the letter did not in anyway go against the stand of the government.

Singapore

Premier's New Year Message Notes 'Uncertainties'

BK0201113591 Singapore THE STRAITS TIMES in English 1 Jan 91 p 1

[Text] In his first New Year message to the nation, Prime Minister Goh Chok Tong said Singapore should remain united and trim in order to weather some of the uncertainties now facing the world.

He highlighted three major difficulties which could spoil the optimistic outlook for Singapore.

These are the Gulf crisis, the stalled trade talks under the General Agreement on Tariffs and Trade and recession in the United States.

Against these, he singled out one positive development: the good progress made in the Growth Triangle project between Singapore, Johor, and the Riau Islands.

But he also pointed out that the difficulties ahead should not divert Singapore from its long-term aim of building a better nation. "As we enter 1991, and a new era in Singapore's history, the international signs are mixed. We cannot expect fair weather all the time. There will be difficulties, but we can overcome them if we stay united and trim. And we should not be diverted from our long-term objective of building a better nation," he said.

Mr Goh began his message with a word of thanks to Singaporeans for their support and confidence in the new team, which is now fully responsible for looking after Singapore's interests.

"The leadership change in Singapore took place in almost ideal conditions. Singaporeans are united, fully employed and motivated to do better. Let us work together to build on the strong Singapore which Mr Lee and his generation have passed on to us," he said.

On the Government's programme for the new year, Mr Goh said that the education saving scheme, Edusave, will be implemented this year.

The scheme, which he unveiled last month, aims to set up an education foundation of up to $5 billion [Singapore dollars] through which every student from six to 16 will get a yearly grant from the Government.

Work will also begin on another massive project which the Government announced in 1989: the $15 billion plan to upgrade existing HDB [Housing and Development Board] estates to the standards of the newer estates.

Six pilot projects will be undertaken, and will serve as models for the others.

Mr Goh also announced that Parliament will be prorogued this month, once it had wound up its outstanding business, especially the Elected President Bill and the White Paper on Shared Values. When Parliament reconvenes, the Government will spell out its long-term plans for the development of Singapore, he said.

Turning to the international scene, he warned of the danger of war breaking out in the Gulf if Iraq does not withdraw from Kuwait. This could cause oil-prices to skyrocket, posssibly resulting in a severe worldwide recession, he said.

But if Iraq is not forced to leave Kuwait, there would be a worldwide loss of confidence in the United Nations and the U.S., both major contributors to global security. "The peaceful and stable international order which many hope will follow the Cold War will be an impossible dream," he said.

The second cause for concern which Mr Goh highlighted was last month's unconcluded GATT talks, which broke down because of differences between the U.S. and the European Community over agricultural subsidies.

If further talks, which are scheduled to close in March, fail to resolve these differences, growth in international trade will be at risk.

Singapore exports will suffer harassment through anti-dumping measures and market restrictions in the U.S., Japan or European markets, he said.

Singapore would also be affected by a recession in the United States, the largest market for manufactured exports from the Republic. The U.S. has already entered a recession, he said, although many economists still hope that it will be a shallow one.

Fortunately, he added, Germany and Japan were expected to continue to grow and this would help offset any fall in Singapore's exports.

But, Mr Goh was most reassured about Singapore prospects by the "taking off" of the Growth Triangle.

Singapore and Indonesian companies have launched joint industrial and tourism projects in the Riau Islands and investors had shown keen interest in them, he noted.

Meanwhile, Johor is prospering and keen to develop more links with Singapore in tourism, investment and worker training.

"These developments will bouy the economies of all three territories. They augur well for continuing good relations with our neighbours based on fruitful co-operation," he said.

Chinese Jailed for Using Japanese Passports

OW0101061591 Tokyo KYODO in English 0340 GMT 1 Jan 91

[Text] Singapore, Jan. 1 KYODO—Three Chinese nationals have been sentenced to one month's jail by a Singapore court for posing as Japanese nationals by using Japanese passports they bought in Thailand, a major English-language daily reported Tuesday.

The STRAITS TIMES said the three women, aged between 26 and 35, bought the genuine Japanese passports for 5,000 baht each in Thailand between November 10 and December 3.

The women, who were sentenced to jail on Monday, had their own photographs on the passports, which bore the Japanese names Masayuki Inoue, Tadakazu Nagata, and Sawano Horai.

The trio, Liang Yu Ying, Lao Wanfen, and Wang Wanfen, all from Guangdong, used the passports when they flew to Singapore on December 24 and again on December 29, when they were arrested while trying to leave the Republic for Amsterdam.

Cambodia

Phnom Penh Views 'Just' Solution to Leadership

BK0301065991 Phnom Penh Domestic Service in Cambodian 1300 GMT 2 Jan 91

[Station commentary: "A Political Solution to the Cambodian Problem Must be Just and Rational"]

[Text] During the last several days, the other Cambodian side and a number of reactionary propaganda machines have escalated their war of the airwaves by groundlessly accusing the State of Cambodia's Government of rejecting the draft peace plan dated 26 November 1990.

Everyone knows this draft peace plan is the detailed part of the framework document worked out on 28 August 1990 by the five permanent members of the UN Security Council.

As Foreign Minister Comrade Hor Namhong said during his private visit to Paris, if the details of the draft peace plan are not different from the framework document, there is no reason to reject it.

This can be proved more clearly through the final communique of the meeting in Paris saying that agreement was reached on most of the fundamental points of the draft peace plan of 26 November and that the remaining questions would be discussed later by the Coordinating Committee of the Paris International Conference on Cambodia and the members of the Supreme National Council [SNC] by paying attention to the views of the SNC members.

Since such is the situation, why have they accused the State of Cambodia's Government of rejecting the UN-drafted peace plan?

In whichever case, the solution to the Cambodian problem must be just and rational. By the word just, we mean that it must be based on the reality in Cambodia.

Everyone still remembers that the present State of Cambodia's power is the legitimate one which was elected by the people through a free, just, and equitable election in 1981. Moreover, during the last 12 years, our state power has defended and served the people's interests and has been the only force which could effectively prevent the return of the genocidal Pol Pot regime.

Therefore, for the sake of justice, this state power must not be dismantled before the holding of a free and just elections under international supervision. This is the Cambodian people's right to self-determination which cannot be given to any organization or any individual.

Moreover, the political solution to the Cambodian problem must give justice to the Cambodian people who used to suffer from Pol Pot's genocidal policy for nearly four years and have been suffering from the massacre and all kinds of destruction by the Pol Pot clique and its allies during the last 12 years. Such criminals whose hands are stained with the people's blood should be neither pardoned nor given the right to control the country's destiny in the future.

Therefore, for justice's sake, the prevention of this abject and bloodthirsty clique should be clearly mentioned.

In addition to this, the political solution to the Cambodian problem must be rational, that is, the independence and sovereignty of a state which is a UN member must be taken into consideration.

But no one should set a bad precedent for the international community.

An atmosphere of neutrality is not based on placing Cambodia under UN administration, but on concrete measures to make the various Cambodian factions trust one another. It is not the State of Cambodia but the genocidal Pol Pot clique which is distrustful.

A famous Indian journalist wrote that it would be better for any politician who trusts the Pol Pot clique to revert back to being an ordinary citizen.

Experiences from many countries throughout the world prove that free and just elections can be conducted by existing administrations under international supervision.

But in Cambodia's case, the State of Cambodia's Government, which is controlling most of the country, is willing to turn over the holding and supervision of elections to the United Nations. This is an unprecedented, major concession. Nevertheless, some still fear there might not be a neutral atmosphere.

The State of Cambodia's Government has repeatedly announced that the concession of the State of Cambodia has its own limit, as well. We cannot make concessions to the point of risking the Cambodian people's lives. The bitter history that lasted three years, eight months, and 20 days under the genocidal Pol Pot regime will not allow us to risk the Cambodian people's lives with the Pol Pot clique for the second time.

The State of Cambodia's Government does not want to carry on the war, nor does it desire to end war with war.

UN Official Cited on Disarmament Prospects

BK0301021691 Hong Kong AFP in English 0824 GMT 2 Jan 91

[By Jean-Claude Chapon]

[Text] Hanoi, Jan 2 (AFP)—Disarming the warring Cambodian factions, a key provision of a United Nations peace plan for the war-torn country, can only be carried out in stages and with their consent, a U.N. official involved in the peace talks has said.

"The proposed peace accord envisages a regrouping (of the factions' armed forces), their return to fixed bases, disarmament and eventual return to civilian life," deputy U.N. Secretary General Rafiuddin Ahmad said.

"Each step of the peace process can and must only be undertaken once the preceding step has been completed," Mr. Rafiuddin said in a document submitted at talks in Paris December 21-23 between the tripartite resistance coaliton and the Vietnamese-backed government in Phnom Penh.

Implementing a detailed peace accord will also have to "take account of the necessity of giving guarantees to each of the parties concerned at each stage," said Mr. Rafiuddin, who is charged with monitoring and assisting the talks.

"In this respect, no action should be taken without the full cooperation of the Cambodian parties," he said in an "explanatory note," copies of which were made available here.

"A detailed agreement on the gradual return to civilian life of the armed forces (of the factions) will only be drawn up in consultation with them," he added.

Phnom Penh and the resistance factions—the Chinese-backed Khmer Rouge, followers of former Cambodian Monarch Prince Norodom Sihanouk and of former Premier Son Sann—accepted in Paris "the majority of the fundamental points" in a plan drawn up by the U.N. Security Council five permanent members.

Under the plan sponsored by Britain, China, France, the Soviet Union and the United States, the United Nations would administer Cambodia for a transitional period up to U.N.-supervised elections.

The country's sovereignty would reside with a Supreme National Council (SNC), grouping six representatives from Phnom Penh with two from each of the three resistance factions, which all agreed on in September in Jakarta.

The two sides, however, could not reach agreement during the Paris meeting on how and whether to disarm and demobilise their Armed Forces during the transition period.

The official Phnom Penh news agency, SPK, said Tuesday that the Politburo of the People's Revolutionary Party of Kampuchea (PRPK) attached "great importance to the opinion of Mr. Rafiuddin on the non-dissolution of the two governments."

Mr. Rafiuddin stressed in the document that the United Nations "in its civil administration duties will have to proceed in close cooperation with the SNC and the existing administrative structures."

Cambodian President Heng Samrin reiterated his government's opposition Tuesday to U.N. control over the country and any dismantling of his government, calling for a military and political standstill ahead of general elections.

"We have to preserve our state authorities firmly to defend the people's lives," he said, attacking the Khmer Rouge as still "cruel, savage and barbaric."

Vietnamese troops ousted the Khmer Rouge in early 1979, installing the current government. The Khmer Rouge are held responsible for the deaths of hundreds of thousands of Cambodians after they came to power in early 1975.

Sim Ka Address Marks Cuban National Day

BK0301074391 Phnom Penh SPK in French 0206 GMT 3 Jan 91

[Text] Phnom Penh 2 Jan (SPK)—A solemn meeting under the auspices of the National Council of the Kampuchean United Front for National Construction and Defense on 1 January in Phnom Penh marked the 32d anniversary of Cuba's national day.

Among those presiding over the meeting were Sim Ka, alternate member of the Political Bureau of the Kampuchean People's Revolutionary Party [KPRP] Central Committee and secretary of the Phnom Penh municipal party committee; Gen. Ke Kimyan, KPRP Central Committee member and first deputy defense minister; and Sin Sen, alternate member of the KPRP Central Committee and deputy interior minister. Mrs. Ivonne Suarez, ambassador extraordinary and plenipotentiary of Cuba to Cambodia, was also present.

In his speech, Sim Ka recalled the historic gains by the Cuban people in their struggle for freedom and against imperialism and Batista's dictatorship, and affirmed that "under the clear-sighted leadership of the Communist Party of Cuba with Fidel Castro Ruz as commander in chief, the Republic of Cuba has developed in every field despite innumerable difficulties created by the United States."

On the Cambodian problem, Sim Ka stressed that "the Cambodian people can dissolve neither their government nor armed forces before the general elections because no one trusts Pol Pot."

He appreciated the firm position taken by the Cuban party and government to build a socialist country and profoundly thanked them for their assistance to the Cambodian people's just struggle.

He expressed his satisfaction with the strengthening of the relations of friendship, solidarity, and cooperation between the two countries for peace, democracy, and social progress.

For her part, Mrs. Ivonne Suarez stressed that the Cuban people pledge to continue the struggle for independence, freedom, and national defense and construction." [no open quote as received] She affirmed that that this has been warmly received by peace-loving people the world over, particularly the fraternal Cambodian people.

The ambassador wished for the development of the relations of friendship and solidarity between the two countries' parties, governments, and people to contribute to efforts by the Cambodian party and government for peace and happiness of the people.

Radio on Heng Samrin Remarks in Kompong Chhnang

BK0301111191 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Jan 91

[Summary] On 22 December, while the four Cambodian parties were meeting with the Paris conference cochairmen to solve the Cambodian problem politically and comprehensively, the Vietnamese enemy aggressors ordered Heng Samrin, puppet and traitor to the nation, to go to Kompong Chhnang. While there, Heng Samrin said that his regime, Vietnam's lackey and traitor to the nation, will not be dissolved; puppet troops will not be dissolved or disarmed as prescribed by the 28 August 1990 framework document of the five permanent members of the UN Security Council [UNSC]; and that no UN peacekeeping force is allowed to supervise the withdrawal of all Vietnamese aggressor forces from Cambodia.

Heng Samrin made this insane statement only to boost his regime's morale, because he clearly knows that the Vietnamese enemy aggressors and his clique, Vietnam's lackey and traitor to the nation, certainly cannot avoid world pressure, and that they will certainly be pressured to accept the 28 August 1990 framework document of the UNSC's five permanent members, the 10 September 1990 Jakarta document, UNSC Resolution 668/90, the 26 November 1990 detailed document of the Paris conference cochairmen and the UNSC's five permanent members, and the 23 December 1990 Paris joint communique.

The Phnom Penh regime certainly cannot avoid our people's great united forces, which have cooperated in attacks to dismantle village and commune state authorities of the Vietnamese enemy aggressors and Hun Sen, Heng Samrin, and Chea Sim, puppets, traitors to the nation, and Vietnam's lackeys, and to set up the Phnom Penh municipal National Council.

Sihanouk Thanks DK for New Year Greetings

BK0301063391 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Jan 91

[Text] On 29 December, Samdech Norodom Sihanouk, Cambodian president and leader of the Cambodian National Resistance, and Neak Mneang Monique Sihanouk, sent a greetings message to His Excellency Khieu Samphan, Cambodian vice president in charge of foreign affairs; and His Excellency Son Sen, deputy head of the party of Democratic Kampuchea and minister attached to the Coordinating Bureau for National Defense. The text of this message is as follows:

To Your Excellencies and all cadres, male and female combatants, and members of the Democratic Kampuchean [DK] party and the National Army of Democratic Kampuchea [NADK]:

I would like to express deep thanks for the best wishes that Your Excellencies and everyone extended to us on the occasion of the international new year.

In return, we would like to extend best wishes to Your Excellencies and all cadres and male and female combatants of the DK party and NADK. May you enjoy happiness and more great victories in the national libearation struggle full of lofty patriotism and heroism of Your Excellencies and all male and female combatants and cadres.

Please accept our highest regards and profound loving sentiments.
[Signed] Norodom Sihanouk
Monique Sihanouk

Radio Says Takeo Elections Forced on People

BK0301111791 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Jan 91

[Summary] On 23 December, the Vietnamese enemy aggressors and their puppets and traitors to the nation, Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys, gathered our people in Samraong District, Takeo Province, to vote in Bat Roka, which is the district seat of Samraong District.

The Vietnamese enemy aggressors and their puppets and traitors to the nation, Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys, acted this way to show our Cambodian people and the world that:

1. The regime of the Vietnamese enemy agggressors and puppets and traitors to the nation Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys, is an elected regime and therefore legitimate.

2. This is also to show people that the Vietnamese enemy aggressors and puppets and traitors to the nation Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys, are very popular and are supported by the Cambodian people.

But the Cambodian people did not care about the election maneuver of the Vietnamese enemy aggressors and puppets and traitors to the nation, Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys. Our people clearly realize these elections were held under the bayonet of the Vietnamese aggressor troops and with the presence of security and police agents of the puppets and traitors to the nation, Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys.

Many divisions of Hanoi Vietnamese enemy aggressor troops are still waging a war of aggression to exterminate the Cambodian race. Tens of thousands of Vietnamese soldiers are still hiding among the Cambodian people to continue occupying Cambodia and including it in the Hanoi Vietnamese communist Indochinese federation.

Furthermore, our people clearly realize that all of those election candidates belong to the camp of the Vietnamese enemy aggressors and puppets and traitors to the nation, Hun Sen, Heng Samrin, and Chea Sim, Vietnam's lackeys. Our people need free, proper, and genuine elections under UN supervision and the Cambodian Supreme National Council headed by Samdech Norodom Sihanouk.

Wounded SRV Expert Given 'Fatal Injection'

BK0301073991 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Jan 91

[Text] According to a report from our secret commandos in Kompong Thom town, on 28 December 1990 the Vietnamese enemies and their puppet lackeys conducted activities in defense of their position west of San Kor on the Kompong Thom battlefield. Shortly after they had left their position, they were intercepted by our national resistance forces. Two of them were killed and four others wounded, including a Vietnamese expert, who was seriously wounded.

The report stressed that on 29 December this wounded Vietnamese expert was taken to the hospital in Kompong Thom Town and given a fatal injection to permanently silence him, because many Westerners were present in the city.

When the Westerners visited the hospital and saw this wounded Vietnamese, they showed keen interest in him. This greatly alarmed the puppets who were taking care of the Vietnamese in Kompong Thom. They asked the chief puppets in Phnom Penh to take the wounded Vietnamese to Phnom Penh in a hurry, fearing he would be recognized as a Vietnamese soldier.

But no matter how hard the Vietnamese enemy aggressors and the traitorous chief puppets tried to conceal the Vietnamese forces, they could not hide them from the eyes of the Cambodian people and the world. They try to bury only their heads, but leave all their maneuvers in the open. The world is seeing more clearly the sly and deceitful nature of the Vietnamese enemy aggressors and their puppet lackeys.

Now the world is putting pressure on the Vietnamese enemies and their puppet lackeys to accept and implement the permanent five UN Security Council members' documents, demanding that all Vietnamese aggressor troops withdraw from Cambodia under strict UN control.

Indonesia

Foreign Minister Remarks on Gulf Crisis

BK0301110591 Jakarta ANTARA in English 0958 GMT 3 Jan 91

[Text] Jakarta, Jan 03 (OANA-ANTARA)—Indonesian Foreign Minister Ali Alatas has expressed his concern about the Gulf crisis and believed that the crisis is the latest sprinkling of a series of turmoils which have been shaking the Middle East region for the last 40 years. The very basic issue, namely the Israeli illegal occupation of Palestine and other Arab territories, exactly has not been dealt with, Alatas said in a nationwide-televised interview here Wednesday evening.

Alatas said those involved in the Gulf crisis and refusing to acknowledge the linkage between the crisis and the Palestinian issue, must at least issue a principle statement. They must pledge that when the Gulf crisis is solved, it must soon be followed by solution of the Israeli illegal occupation of the Palestinian and Arab territories, he added. Palestine must have its independence and its people's struggle must be met with justice, according to the minister.

Regarding to the January 15 deadline, Alatas said that he is very concerned about the tendency of war to break out in the Gulf region, despite the fact that there is still a possibility of reaching a peaceful solution. "I have stated at the United Nations, that Indonesia as a founder and member of the Non-Aligned Movement (NAM) is very concerned about the situation in the Gulf. We believe that if the problem is solved through military force, all parties will be destroyed not only Iraq or Kuwait. We want a peaceful solution to be explored until the last moment. War will not solve the problem", the foreign minister said.

Minister Alatas reiterated that Indonesia undoubtfully opposed the Iraqi invasion of Kuwait and urged for the withdrawal of Iraqi troops from Kuwait and asks for the revival of the Kuwaiti legal government. He said Indonesia was up to now still consistent with its stance, which had been voiced for the first time at a meeting of the international conference organization, only about 24 hours after the Iraqi invasion. Alatas is of the opinion that the UN secretary general should play more active roles in efforts to solve the Gulf problem.

President Suharto, when receiving a Kuwaiti envoy in Jakarta, even hinted that if the problem is to be solved with the help of the UN secretary general and if the secretary general feels necessary to form a team, Indonesia is ready to join the team, he said. Coordinating Minister for Political and Security Affairs Sudomo, who also joined the interview, said that thanks to the very long distance, the Gulf crisis had no direct impact to Indonesia, except in the economic sector.

Team To Observe Pilgrims in Saudi Arabia

BK0301010891 Jakarta Domestic Service in Indonesian 0000 GMT 3 Jan 91

[Text] The government will send an interdepartmental team, including officers from the General Headquarters of the Armed Forces of the Republic of Indonesia to Saudi Arabia by the end of January or early February in an effort to improve services for Indonesian haj pilgrims in Saudi Arabia. Speaking at a 1991 New Year news conference in Jakarta yesterday, Religious Affairs Minister Munawir Syadzali said that the presence of the officers of the General Headquarters of the Armed Forces of the Republic of Indonesia was intended to give the haj pilgrims a sense of security. He said that the government will in particular look after the security of haj pilgrims who have left for Saudi Arabia and make sure that their religious services will proceed safely and they will return safely. According to Minister Munawir, should war break out in the Gulf region, the government will fully return the haj fees to the pilgrims or use them as haj pilgrimage fees next year.

Suharto Told Aceh Antirebel Moves Successful

BK0301095491 Hong Kong AFP in English 0904 GMT 3 Jan 91

[Text] Jakarta, Jan 3 (AFP)—A six-month military operation against rebels in Aceh ended in December "very successfully" in restoring security, the governor of the western Indonesian province said here Thursday.

The number of clashes with the security disturbance group (GPK)—the military term for separatist rebels—has drastically declined, said Governor Ibrahim Hasan.

"This [is] a new year's gift," he said after reporting to President Suharto.

He did not say how many GPK members had been arrested but stressed that "die hard" followers would be brought to trial while those who merely followed because they were deceived would be released.

More than 6,000 troops were deployed for the operation to quell the GPK, which the military blamed for attacks and ambushes which left more than 100 people dead in the past 12 months.

Mr. Hasan said a second military operation was planned but concentrating less on security and more on restoring the confidence of the local population.

Troops not taking part in the search for rebels would be deployed in the operation to help with various economic and social projects in villages.

"This will be conducted until nearing the national elections (in 1992) when we hope that everything will be really settled", he added.

Mr. Hasan quoted Mr. Suharto as describing the latest rebellion in Aceh, like two previous ones, as a "disease" that had its origins abroad, because the "terrorists" were actually trained abroad.

He did not say which countries were believed to have given support to Aceh rebels but said Indonesia would use diplomatic channels to put an end to it.

Suharto Rules Out Concessions

BK0301111691 Jakarta ANTARA in English 0936 GMT 3 Jan 91

[Text] Jakarta, Jan 3 (OANA-ANTARA)—The GPK troublemakers group caught by the security officers in Aceh will not enjoy any political concession as they already spread sources of conflict in a united Indonesia, President Suharto said here Thursday morning.

No one should make Indonesia a place to sow terrorism seeds or to spread conflicts, the president was quoted as saying by Aceh Governor Ibrahim Hasan.

The security situation in the northernmost province of Indonesia is excellent now and the GPK has also been phased out through a joint operation involving members of the Indonesian Armed Forces (ABRI) and the people, he told newsmen after paying a call on the president.

No serious security disturbance in the province today and with sufficient evidences some GPK members will soon be brought to court, the governor said.

The Province of Aceh last year suffered from several security disturbance problems caused by the GPK members, who even tried to terrorize some villages.

However, their activities have now been curbed by the authorities, he said adding that it was strongly believed that some GPK members had undergone training and education programs abroad.

On the exact number of the GPK members, Governor Hasan said: "less than tens and many actually did not know what the GPK's objectives are." "Those belonging to the GPK without really knowing the real activities of the GPK have been returned to the society," he said.

Laos

Meetings Held To Discuss Draft Political Report

BK0101095191 Vientiane Domestic Service in Lao 1200 GMT 27 Dec 90

[Text] In mid-December, leading cadres from various sectors and people in Vientiane Province attended meetings organized for discussion of the draft political report to be presented to the Fifth Congress of the Lao People's Revolutionary Party scheduled to take place early next year.

During the meetings, participatants, in a democratic manner, are allowed to study, discuss, and contribute their opinions to the reports on the outcome of the socioeconomic development undertakings, past achievements, and the next development plan. Participants also jointly discussed the causes of negative phenomena and inefficiency and sought ways to improve the next socioeconomic development plan to further upgrading the livelihood of cadres, soldiers, and the multiethnic people.

Kaysone Phomvihan Visits Tailoring Factories

BK0201125191 Vientiane KPL in English 0916 GMT 2 Jan 91

[Text] Vientiane, January 2 (KPL)—Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee [LPRP CC] and chairman of the Council of Ministers of the Lao PDR [People's Democratic Republic], visited on December 31, 1990 tailoring factories at Phonpapao and Khoumta, Vientiane Prefecture, reported VIENTIANE MAI newspaper yesterday.

Accompanying the prime minister was, among others, Mayor of Vientiane Prefecture Mr. Sisavat Keobounphan, who is also LPRP CC's Politburo member.

These factories are capable of turning out 15,000-23,000 garments a week which are all for export.

Daily Publishes Biography of Kaysone Phomvihan

BK3112061590 Vientiane PASASON in Lao 13 Dec 90 pp 1, 3

["Brief biography and revolutionary activities of Comrade Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party and chairman of the Council of Ministers of the Lao People's Democratic Republic"]

[Text] On the occasion of the 70th birthday (13 December 1920-13 December 1990) of Comrade Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party [LPRP] and chairman of the Council of Ministers of the Lao People's Democratic Republic [LPDR], we would like to present his brief biography and revolutionary achievements as follows:

Comrade Kaysone Phomvihan was born on 13 December 1920 at Ban Naseng village, Khanthabouli District, Savannakhet Province. He was the child of Mr. Luan, a public servant, and Mrs. Dok, a peasant.

After completing the Lao and French elementary school in Savannakhet Province, Comrade Kaysone Phomvihan went to Hanoi to attend the protectorat school. In 1943, when he was 23 years old, he completed his high school "baso" study and went on to study at the Law University in Hanoi.

In 1936 and 1939, the comrade joined the Vietnamese youth movement struggling for freedom and democracy.

In 1944, he became a member of the Youth Association for National Liberation.

In 1945, together with representatives of the Savannakhet people, he helped seize administrative power from the Japanese occupiers.

In 1946, the comrade joined in the Lao-Vietnamese Liaison Committee in Hanoi.

In 1947, he worked in the propaganda unit of Zone 12 of North Vietnam.

In 1948, he became head of the shock brigade in northern Laos to carry out work of building the political foundations, organizing the armed forces, and building strongholds in northeastern Laos by using the Lao Houng Phiang, Sam Ong Nam, and Pha Luang areas in Siangkho District of Houa Phan Province as centers.

In 1949, he became the commander of the Lao Itsala [Free Lao] Army. In the same year on 6 January, he applied for membership in the Indochinese Communist Party and became a full member on 28 July 1949.

In 1950 at the congress of the National Lao Resistance Front, he was elected member of the Central Committee of the Lao Itsala Front and became national defense minister of the Lao resistance government.

In 1951, he attended the Second Congress of the Indochinese Communist Party and was assigned by the congress to coordinate with other Lao comrades to set up the Lao People's Party.

In 1955, the comrade returned to Laos with the Lao Army to set up the Lao People's Party. He was elected general secretary of the party leadership, secretary of the Army party committee, and military supreme commander.

From 1955 to 1957, the comrade led the struggle to defend the two rallying provinces of Sam Neua and Phong Saly.

In 1958 when the process to reunify Laos was underway, the comrade stood in the parliamentary elections in Attopeu Province. Although the people of the province voted for him, he was not officially elected because the opposition cheated in the elections by stuffing the ballot boxes with fake ballots marked for their candidates.

In 1959, he and a number of colleagues fled to the strongholds in Sam Neua to avoid arrest by the opposition side and to lead the struggle.

In 1963, he was elected vice chairman of the Lao Patriotic Front.

In 1972, he was elected general secretary of the Lao People's Revolutionary Party at its second party congress.

In 1975, the comrade led an uprising to seize administrative power through the three strategic blows. In the same year, he was appointed chairman of the Council of

Ministers of the Lao People's Democratic Republic at the national congress of people's representatives.

In 1982, he was reelected general secretary of the LPRP at the third party congress and retained the post of chairman of the Council of Ministers.

In 1986, he was reelected general secretary of the LPRP at the fourth party congress and again retained the post of chairman of the Council of Ministers. He has held both positions ever since.

Throughout his participation in the revolution, both during the period of national liberation struggle and the period of national construction and national defense, Comrade Kaysone Phomvihan and his colleagues and friends have made great sacrifices and have won numerous decisive victories. He is among those who led the national liberation struggle to achieve success by toppling and defeating the colonialist and neocolonialist systems and establishing the LPDR. He and his colleagues have continued to lead the people in the struggle to securely defend and build the country and to gradually improve their material and cultural life, thereby dramatically increasing the influence and status of the LPDR in the international arena. At present, the LPRP is leading the entire party, Army, and people in implementing the restructuring, especially in changing the economic management mechanisms. All the great achievements and victories won by the entire Army and multiethnic people are closely linked to the decisive contributions made by Comrade Kaysone Phomvihan.

Cooperation With Chinese Border Provinces Noted

BK0201124391 Vientiane KPL in English 0920 GMT 2 Jan 91

[Text] Vientiane, January 2 (KPL)—A survey of a hydropower project on Namtha River, the northern Luang Namtha Province, conducted by the Chinese Yunnan International Company within the framework of the cooperation between Lao Luang Namtha and Chinese Yunnan Provinces is started now.

The design and economic report of the project will be completed within the first six months of 1991, and its construction will begin in late 1991. This hydropower project is the first to be built in the province.

Also it is reported that another company of the Yunnan Province has recently agreed to cooperate with the Oudom Import-Export Company of Oudomsai Province in establishing an import-export joint venture covering industrial crops plantation, communication and transportation.

The joint venture will start operation from early 1991.

Philippines

Iraqi Consul Opposes Bases Use in Gulf War

HK0301100191 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 3 Jan 91

[Text] The Iraqi Embassy in Manila announced today its opposition to the use by the U.S. of its military bases here in support of its Middle East operation. In an exclusive interview by DZRH with Iraqi Embassy Consul General Mufat al-'Ani, he said they are hoping that the Philippines maintains a fair policy in relation to the Middle East conflict. Al-'Ani also opposed the deployment of Filipino workers to Saudi Arabia, which according to him will be a battlefield if a war erupts. At the same time, the consul general assured the Filipinos that they are free to leave Iraq and Kuwait and that his government has prepared contingency measures to evacuate the foreigners from places which could be affected by the war. Here is part of the interview by Andy Vital with Consul General Mufat al-'Ani of the Iraqi Embassy in Metro Manila:

[Begin recording in English] [Vital] As a consul general, do you have any comment on the Philippines sending a medical mission to Saudi Arabia and particularly about Americans leaving the Subic Naval Base for the Persian Gulf area?

[Al-'Ani] Right from the beginning we are actually, we are very eager to have a fair stand by the Filipino Government about the crisis in Iraq. Again, we believe that we are from the same category of countries, which is Third World countries. We are from the same continent [as heard]. We feel that we are close to each other. We were eager and still are to keep good relations between the two countries and the two peoples. We would like to see a fair stand of the Philippines on this crisis in order not to have our relation harmed in the future and I think that the Philippine Government should look into this stand in the interest of the people of the Philippines and the interest of the Filipino Government and to put into consideration the future of Iraq and after this crisis, Iraq will be an economic and political power in the region. We have to continue our mutual interests. There are many aspects that we can cooperate in like trade, counter trde, and also labor and recruitment and many other fields that we have achieved many agreements, even lately, in July when the Filipino-Iraqi joint commission convened in Manila, we have signed many agreements. We still look forward to implementing all these agreements in the future after we settle this crisis peacefully. Hopefully. [Vital] Do you see any shortcomings on the part of the Philippine Government as far as communicating with you is concerned.

[Al-'Ani] Well, we are in touch with the DFA [Department of Foreign Affairs] here periodically, with the people concerned in the DFA and to reacknowledge the developments in the region. We showed our concern about some things that happened and maybe I can say some changes in the policy of the Philippines about this crisis. We also, well, not comfortable with the decision or the right which has been given to the Americans to use the American bases in the Philippines against our country. I don't think this will solve the good relations between the two people and the two countries.

[Vital] Mr Consul General could we get your assurance that your government would do everything possible to keep Filipinos away from harm and move them away from areas where hostilities may happen.

[Al-'Ani] Well as far as we are concerned, as I told you, we have given them the priority and liberty to leave if they want to leave. If not, they are welcome to be replaced from area to area. Iraq is an open country, they can be shifted from, you know, province to province. They have the liberty to help us and help themselves get away from any dangerous area.

[Vital] Mr Consul General, does that include Filipinos in Kuwait which you now consider as your province?

[Al-'Ani] Well, I understand from one of the statements of the labor secretary that in the last two weeks, they have less than 2,000 Filipinos in Kuwait City and less than 200 in Baghdad city. I also understand that the labor secretary and even President Aquino has said it once that some of these people are willing to stay and continue their jobs. So again, I cannot really understand something here. The government here and other people are concentrating on how to evacuate the Filipinos from Iraq and Kuwait City and Baghdad considering that Iraq and Kuwait is a war zone. Why are they not considering Saudi Arabia as a war zone. On the contrary, after August 2d, we have noticed that the government here and in the Saudi Arabia have been recruiting more and more people to Saudi Arabia. I guess that Saudi Arabia land is not a war zone. No, sir. Hopefully not. But if war breaks out, all the area will be a war zone. No place in Saudi Arabia would be safe from any other attacks. So, I really cannot understand this kind of position. Yes, I understand something that the Philippine Government, the Philippine economy need the remittance of all these people to help the economy, to help their families here. I really understand that and I appreciate the people that they are trying to help their government and their people economically. But I cannot understand whether these remittances are equivalent to the Filipinos lives. Sending to Saudi Arabia all these people jeopardizing their lives. Is it really this money valuable as the Filipino people lives.

[Vital] Mr Consul General, are you suggesting that the Philippines should stop temporarily sending Filipinos to the Persian Gulf area?

[Al-'Ani] Well. I am suggesting that if you consider Iraq as a war zone, you should have considered all the countries in the region as a war zone. Because this is not gonna be a border war. This is gonna be [word indistinct].

[Vital] I understand, Mr Consul General. If you have any more message which you would like to relay to our listeners especially corrections you want made on the impressions by Philippine media and the Philippine society, the remaining few seconds are yours Mr Consul General.

[Al-'Ani] Well, I want to assure the Filipino people that Iraqi people and Iraqi leadership are praying for peaceful settlement of this crisis. Iraqi leadership is not for war. We are for peace because we have suffered from a long war with Iran for eight years. We need the time. We need the money to rehabilitate our country. We need the time and money to compensate our people for their suffering. So, we are not for war. Actually, we are for peace and everybody in our country is praying for peace. I ask the Filipinos to pray with us for peace. But I also ask the Filipino people to respond and say the just word to the whole world. We in the country have been experiencing a bad situation economically and we have been denied food and medicine and milk for the kids. Until the last two weeks, we have registered 1,461 deaths with the children of Iraq because of the lack of milk and the lack of medicine. I don't think this is humane by the Americans, by the Security Council to deny the kids, the children milk and medicine. We also have many deaths of elderlies in the hospital because of a lack of medicine. I call upon all the people in the Philippines and all the associations here to call on the United Nation Security Council and the United States of America, the British, and all the allied governments to denounce this kind of action against people with a deep rooted history of civilization going back 6,000 years. I wish to talk to you in another situation, a much peaceful situation. I want to talk about how we can enhance relations between the two peoples and the two governments in the near future. [end recording]

Fourth Round of Bases Talks To Resume 8, 9 Jan

HK0201034191 Manila PHILIPPINES NEWSDAY in English 2 Jan 91 p 3

[By reporter Arthur I. Bariuad]

[Text] The fourth round of formal negotiations between the Philippines and the United States over the future of six US military installations in the country resumes next week with the deadline fast approaching for both Filipino and American negotiators to come up with a new accord to replace the expiring 1947 Military Bases Agreement (MBA).

Sources at the foreign office said that the negotiations will start either January 8 or 9 to "reconcile fundamental differences on key issues," which form part of the new bases treaty together with discussions on the stalled issue of compensation.

Working with a January 31 deadline in mind, both panels are expected to reach an agreement covering broad concerns. Otherwise, the Philippine government, as it has repeatedly said, will assume sovereign control of all US military facilities in the country on Sept. 17, 1991, a day after the MBA expires. President Aquino, before the start of the formal rounds of talks last year, imposed the deadline for both sides to reach an arrangement.

The sources said that the Philippine panel headed by Foreign Secretary Raul Manglapus will try to impress upon the American panel a "firm intent" to drop the unhampered military operations (UMO) clause of the MBA as amended in the new treaty and to uphold the constitutional provision banning the entry or storage of nuclear weapons in its territory.

Manglapus has always said that the Philippine panel is being guided by the Philippine Constitution in the negotiations. "When we negotiate we have to be sure that our negotiations follows the Constitution," he said.

He cited two provisions of the 1987 Constitution which mandate that no foreign military presence is allowed in the country without a treaty coverage and that nuclear weapons are barred from its territory.

Manglapus said that the bases negotiations provides the opportunity for the Philippines to chart a new relationship with its former colonial master and renew its friendship on a more equitable partnership. "We have an umbilical cord to cut with the US which the other countries (similarly hosting US bases) do not have to bother about," he said.

'Hard Components' of Compensation Noted

HK0301031791 Manila BUSINESS WORLD in English 3 Jan 91 pp 1, 5

[By reporter Jose G. Ebro]

[Text] The Philippines will not accept a compensation figure lower than $481 million a year for the bases, number two negotiator Health Secretary Alfredo Bengzon told reporters yesterday.

Saying he expected to tackle compensation and the unresolved status of forces issues in the fourth round of Philippine-American Cooperation Talks [PACT] which commences on January 8, Mr. Bengzon said: "We certainly want to focus on the hard components of the compensation... meaning cash."

While the Americans have stated their preference for discussing compensation "after we have a clearer idea of what the parameters of our presence here are going to be," hinting lessened control would mean a correspondingly diminished compensation package, Mr. Bengzon resists that notion.

"We don't think the compensation should be smaller. We don't consider this a real estate deal and they themselves have said that," the Health Secretary said. "We have responded to their military and political needs and they, in turn, should respond to our economic needs."

"We are going to demand an equitable arrangement," he stressed.

Asked whether he was open to maintaining the current level of $481 million a year for the bases, Mr. Bengzon said, "some senators made that the minimum. It shouldn't be less."

Four smaller facilities and Clark Air Base will be reverting to Philippine control after September 16, 1991, with the Americans retaining "certain point-installations and radar and military airlift command operations" in those facilities as well as maintaining status quo on Subic, a Defense official said after the last PACT round.

Mr. Bengzon said that the Philippine requirement that a new agreement on compensation would no longer involve a 'best efforts' clause was "not incompatible" with the US Congress' appropriations procedures. "The US senators are saying that the US Congress, by virtue of their law, have to pass an appropriations bill (for the compensation). We are saying that's fine with us. That is not incompatible with a firm commitment," he said, noting that "in the case of the Philippines, our Congress always passes an appropriations bill which sets a certain amount aside for debt payments."

Foreign Affairs Secretary Raul Manglapus has said that the US Senate's ratification of a new PAC [Philippine American Cooperation] treaty would effectively bind the US Congress to appropriate the amounts committed therein.

A fifth round could take place later this month, "just to finalize things," Mr. Bengzon said.

Salonga Clarifies Bases Withdrawal Stand

HK0301025991 Manila MANILA BULLETIN in English 3 Jan 91 pp 1, 5

[By Mariano Casayuran]

[Text] The United States (U.S.) military bases in the Philippines must go after the constitutionally mandated September, 1991, termination of the RP [Republic of the Philippines]-U.S. military bases agreement (MBA), if the Philippine and U.S. bases negotiating panels fail to hammer out a final agreement at the end of this month.

Senate and Liberal Party (LP) President Jovito R. Salonga issued this statement yesterday as Foreign Affairs Secretary Raul Manglapus and Richard Armitage, chief U.S. bases negotiator, prepare for their meeting on Jan. 8.

After several meetings last year, the negotiating teams of the two governments have yet to iron out two major issues—compensation and status of forces—before a treaty extending the life of the RP-U.S. MBA is signed sometime this month.

Salonga warned that the Senate will reject a 10- to 12-year extension for the U.S. Naval Base at Subic and indefinite access for the U.S. after that 10-to-12-year period.

"Not even the Manglapus counter-offer of five- to seven-year extension, for that matter," Salonga added.

Since the U.S. will not pay additional compensation for the extension of the bases, the alternative is for the conversion of Subic Naval Base into a commercial repair facility, with the Philippines entering into repair contracts with the U.S. and other friendly states according to their needs, Salonga said.

"This will allow the U.S. access to the repair facilities (as distinguished from base rights) without impairing Philippine sovereignty and our freedom of action," Salonga explained.

A treaty to be ratified needs a three-fourths vote of the Senate. The Senate now has 23 members after Manglapus resigned from the Senate to become secretary of foreign affairs.

There are eight LPs in the Senate, five Laban ng Demokratikong Pilipino (LDP) [Struggle of Philippine Democrats] party members led by Sen. Neptali A. Gonzales, four independents, three PDP-Laban [Philipino Democratic Party-Nation's Strength] party members led by Sen. Aquilino Q. Pimentel Jr., and three Nacionalista Party (NP) members led by Senate Minority Floor Leader Juan Ponce Enrile.

Salonga said the Manglapus-Armitage meeting on Jan. 8 could pre-empt the LP consultations on the military bases and the LP national directorate meeting on Feb. 23-34.

"If the RP-U.S. talks result in an agreement along the line indicated by Manglapus, the entire Senate will probably express its approval or rejection before the LP meeting in February," Salonga said.

Salonga also sent a three-page press statement to Senate reporters stressing that the LP has not softened its stand on the withdrawal of the U.S. military bases in the Philippines upon the termination of the RP-U.S. military bases agreement (MBA) this coming September.

The LP chief issued this clarification following published reports that the LP national consultative council, during a meeting at the Pasig provincial capitol, favored an orderly withdrawal of the U.S. military bases.

Sen. Joseph Estrada, one of the senators rooting for the early withdrawal of the U.S. military bases, subsequently threatened to bolt the LP for softening its stand on the U.S. military bases issue.

Salonga said the council's stand for an orderly withdrawal of the U.S. military bases in the Philippines is in line with his April 7, 1989, address at the first seminar on liberal democracy in Subic, Zambales.

In that seminar, Salonga said he stated: "We believe that an orderly process of withdrawal can be worked out with the United States, given goodwill and understanding on both sides."

Salonga said the final LP stand on the bases issue will be known a day after the scheduled Feb. 23 multi-sectoral consultation to be attended by 20,000 LP leaders at the Araneta coliseum.

The LP directorate will then take up the LP leaders' recommendations on national issues covering the economic crisis, the 1992 elections, the drive against graft and corruption, the environment, and the bases issue, Salonga said.

Senators Disapprove of Long Extension

HK0201124191 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 2 Jan 90

[Text] The Senate will not approve a 10 to 12 years extension of the U.S. bases in the country, after the RP [Republic of the Philippines]-U.S. Military Bases Agreement expires 16 September. Senate President Jovito Salonga stated this after personally asking each of the senators for their views on the bases issue. The United States allegedly asked for a 10 to 12 years extension for its bases.

Meanwhile, Foreign Affairs Secretary Raul Manglapus agreed to Subic Naval Base's five to seven years phaseout period.

In related news, the United States may possibly oppose a treaty presented by the Philippines in relation to the U.S. bases presence in the country. This was stated by an informant in connection with the forthcoming talks on the U.S. military bases. According to the informant, the U.S. wants an executive agreement and not a treaty. The Philippines compensation demand would be contained in the treaty for the bases, while an executive agreement would not provide for a fixed compensation.

Withdrawal If No Agreement

HK0301101991 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 3 Jan 91

[By Cesar Chavez]

[Text] The Philippine panel will press for a fixed cash payment and non-cash compensation package which the U.S. Government must pay in next week's bases talks. After his closed-door briefing with senators headed by Senate President Jovito Salonga at the Sycip, Gorres, Velayo Building in Makati, Foreign Affairs Secretary Raul Manglapus said there are baskets of cash and a non-cash bases compensation package ready for presentation to the American panel, headed by Richard Armitage. Manglapus also confirmed that should nothing be reached by the two countries next week, only one thing is possible—the withdrawal of the U.S. bases on 16 September 1991. Under the present bases agreement, there is no assurance that the aid to the Philippines promised by the United States will be realized because it has to be approved by the U.S. Congress.

Senate 'Willing' To Grant Aquino Emergency Powers

HK0301105191 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 3 Jan 91

[By Cesar Chavez]

[Text] Senate Majority Floor Leader Teofisto Guingona announced today the Senate is willing to grant President Aquino emergency powers in preparation for the imminent Gulf war. In a news conference, Guingona said although the president has enough powers, she would need additional powers to allow her to declare national policies needed in the time of crisis, like what may possibly happen in the event a shooting war erupts in the Gulf. Guingona, however, said the president should not allow her cabinet members to abuse the emergency powers, like they did when Congress granted her emergency powers from January to June 1990. Guingona also stressed that the emergency powers will not pave the way for the declaration of martial law, saying there are enough safeguards contained in the Constitution against possible abuse. He added that should there be a need for emergency powers, these can be passed by both houses of Congress in a special session to be held before the regular session begins on 14 January.

Aquino: No Martial Law With Emergency Powers

HK0301092391 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 3 Jan 91

[By Dick Sinchongco]

[Text] President Corazon Aquino has no plan to declare martial law under the proposed emergency powers in the face of the imminent Middle East war. Aquino stressed that the emergency powers she is seeking are aimed at enabling the government to respond to a crisis in the interests of the people. Among the powers the president is seeking are those related to the supply and distribution of oil and other petroleum products and prime commodities; taking control of utilities and other companies; and the power to suspend labor laws when they interfere with the production and distribution of food and other commodities. The last is the power to change working hours in the private and public sectors and to limit the operation of shops. At the same time, the president said punishment for those who violate the emergency powers will be reviewed. She assured that the government will respect the Bill of Rights and other rights contained in the Constitution. The president said the Gulf crisis will be the primary focus in the National Security Council meeting on 11 January. She invited opposition members and representatives from the private sector to attend the meeting.

Mitra Questions List of Emergency Powers

HK0301104991 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 3 Jan 91

[Italicized portion denotes passage in English]

[Text] President Aquino is seeking too many powers in relation to the proposal to grant her emergency powers if war breaks out in the Middle East. House Speaker Ramon Mitra Jr questioned the president's draft of emergency powers she is seeking from Congress, because these powers already exist. Mitra supported a proposal for him to meet with Senate President Jovito Salonga and President Aquino before the Congress holds a special session. According to Speaker Mitra:

[Begin recording] There were too many powers listed in the draft presented to us yesterday. I believe that many of those listed need not be given. *It is inherent in the presidency.* The control and rationing, for example, this need not be asked because this is among her existing powers. We have a rule on statutory construction which states that all those not included in the list should not be given. So, instead of giving the president more powers, you limit her options to those on the list. [end recording]

Stability Stressed As Defense Department Task

HK0301031391 Manila PHILIPPINES NEWSDAY in English 3 Jan 91 p 3

[By reporter Dario B. Agnote]

[Text] Defense Secretary Fidel V. Ramos yesterday vowed to intensify the military's counter-insurgency efforts to contain the communist insurgents and other rebel groups and pave the way for the "proper climate" to acheive a fast economic recovery this year.

"Stability, security and peace and order being the basic condition that must be established, maintained and reinforced by this department together with all of its bureaus and agencies so that there will be a proper climate precisely for economic recovery in 1991," Ramos said in a news conference at Camp Aguinaldo, saying that the "reinforcement of stability is our first self-imposed task for 1991."

Ramos said, the defense department's "twin thrusts" for 1991—the reinforcement of national stability and maximum support to the economic recovery program—are in conformity with President Aquino's economic recovery agenda for 1991.

Ramos said stability and economic development go together. "These are the twin tracks of the railroad leading to national survival, national growth and national development," he said.

Aside from the two top priority thrusts of the DND [Department of National Defense], Ramos also bared the seven other priority thrusts and directions of the DND and the Armed Forces for 1991:

—Maintenance of the general offensive against the CPP-NPA [Communist Party of the Philippines-New People's Army].

—Consolidation of AFP [Armed Forces of the Philippines] and prevention of coup attempts.

—Continued improvement of law and order climate.

—Acceleration of momentum in catching up with our neighbors during the decade of the 90's specially in the Asia and the Pacific region.

—Protection of the gains made since 1956.

—Establishment of strategic control over all armed threats and putting them—the communists insurgents, military rebels, the secessionist rebels and the crime syndicates—under defensive control or posture.

—Enhancement of self-reliant posters [as published] and AFP modernization program.

"In view of the present situation, as well as the year-end report of President Aquino to the Filipino people, we have slightly modified what the DND has set for 1991," Ramos said.

Ramos said the military is "on track" in breaking the backbone of the communist insurgency which is considered the longest and the most serious in Asia. At the same time, Ramos downplayed the capability of the right-wing forces in mounting a destabilization move to topple the Aquino government.

Misuari To Continue 'War' With Aquino Government

HK3112133390 Manila Radio Veritas in Tagalog 1300 GMT 31 Dec 90

[Text] MNLF [Moro National Liberation Front] leader Nur Misuari said his struggle against the Manila government will continue until he finally frees Mindanao. Misuari expects that President Aquino's government will be toppled before her term of office expires in 1992. In an interview, Misuari said the Holy War will continue for Mindanao's independence. He believes the situation in the Philippines is too much for the Aquino government to handle and that her days are now numbered. He said the key to all the problems is the solution to the Mindanao problem. He added that foreign firms continue to pull out of the Philippines due to disorder.

Calls for New Peace Talks

HK3112095990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 31 Dec 90

[By Restie de Quiros]

[Text] Exiled Muslim leader Nur Misuari called for more peace talks with the government to end the secessionist's struggle in Mindanao. This was disclosed by Brigadier General Cesar Fortuno, Army's 1st Infantry Division commander, to Defense Secretary Fidel Ramos in a briefing in Camp Naranjo, Oroquieta City. He said that according to a reliable report, Misuari is planning to return to the country next month to hold new negotiations with President Aquino. Misuari, the Moro National Liberation Front's [MNLF] chief, held a dialogue with President Aquino in Sulu in 1986, but failed to resolve major issues. However, a cease-fire was reached and is still presently enforced.

According to military officials, the MNLF has frequently violated the cease-fire accord. Last week, three people from Tipu-tipu, Basilan were kidnapped by suspected MNLF rebels; and they robbed employees of the Philippine National Oil Company [PNOC] in Malansa, Zamboanga del Sur. The rebels warned that they will continue to be violent against the PNOC employees if their demands are not met. The report did not mention what the demands were. Fortuno added that the MNLF leaders launched attacks without Misuari's permission. MNLF field commanders are allegedly doubting Misuari's sincerity because he has been out of the country for so long.

Meanwhile, Brigadier General Gumercindo Yap, the newly named chief of the Southern Command, assured Secretary Ramos they are prepared for any eventuality and would disperse any MNLF gathering, even if Misuari returns to the country or not.

Ramos directed all commanders to give Misuari a warm welcome, but confirmed that Misuari will be arrested upon his return to the country. Fortuno said Misuari would try to enter the country before the end of January 1991. Yap added Misuari may attempt to see President Aquino to talk about ending the battle in Mindanao.

Meanwhile, Ramos assured the PC-INP [Philippine Constabulary-Integrated National Police] commanders in Mindanao the continued military support for their peace-keeping mission. He told PC-INP commanders that the law which created the Philippine National Police [PNP] will strengthen the government in its response to insurgency and criminality. The PNP does not diminish the forces, but rather it strengthens their capability. He advised the local officials who were at the briefing to focus their efforts on the improvement of the community's production and livelihood. The defense chief explained that the government is not worried of the peace and order, but of the economic improvement and dismantling of insurgency.

32 Holiday Cease-Fire Violations Reported

HK0301024191 Manila THE MANILA CHRONICLE in English 3 Jan 91 p 1

[By staffmember Manny Mogato]

[Text] The holiday ceasefire was violated by both sides—the military attributed 27 offensives to the insurgents while admitting to five truce violations.

The military reported that the insurgents had violated the two 72-hour suspensions of military offensives during the holidays by staging 21 attacks.

But the military also violated the truce five times when it made three arrests and conducted two separate raids at suspected rebel safehouses during the Christmas holidays.

But Defense Secretary Fidel Ramos said the government-initiated offensive actions were done "for the purpose of protecting civilians or to respond to the call of public assistance [as published]."

He said the arrests and the raids on suspected rebel safehouses were part of the normal police operations government forces were allowed to do during the ceasefire period.

At least seven incidents were attributed to New People's Army guerrillas, who conducted harassments and liquidations during the three-day truce last Christmas.

Three additional violations were reported during the New Year suspension of offensives, which was supposed to end at 1 p.m. yesterday.

At least six minor engagements were also reported by the armed forces' Joint Operations Center in Camp Aguinaldo.

During the Christmas break, 18 insurgency-related incidents were reported, while two others were initiated by the separatist Moro National Liberation Front (MNLF) guerrillas in Mindanao.

During the New Year's break, only three communist rebel-initiated incidents were reported and another incident was initiated by the MNLF guerrillas in Davao Oriental.

Four civilians were killed, two civilians and a soldier were wounded and eight other civilians were taken captive by the rebels during the Christmas suspension of operations.

On the communist rebel side, two were killed and eight others were killed and eight others were either captured or arrested by government agents.

During the New Year's break, five persons, including two soldiers were wounded in rebel harassments, while another rebel was arrested.

The military noted unusual rebel movement and activity during the two 72-hour holiday ceasefires. The military said the rebels had taken advantage of the period to move around and infiltrate key urban centers in the country.

For instance, the military noted a big wave of rebels arriving in Metro Manila during the holidays apparently in preparation for bigger tactical offensives against the government.

Brig. Gen. Emilio Templo, the AFP [Armed Forces of the Philippines] deputy chief of staff for civilian-military operations, told reporters that the rebels would have joined any coup attempt planned by the renegade soldiers during the holidays.

Templo said the presence of communist rebels in the metropolis during the holidays indicated that they had prior information of the planned uprising of rebel soldiers.

128 Soldiers Involved in 1989 Coup Demoted

HK0101030780 Manila PHILIPPINES NEWSDAY in English 2 Jan 90 p 3

[By reporter Dario B. Agnote]

[Text] Major General Guillermo Flores, Army chief, yesterday ordered the demotion of 128 Scout Ranger soldiers who were implicated in the aborted but bloody December 1989 coup attempt which nearly toppled the Aquino government.

Flores said the demoted Rangers were part of the disbanded First Scout Ranger Regiment (FSRR) that was based in Fort Magsaysay, Nueva Ecija under detained Brigadier General Marcelo Blando.

Lieutenant Colonel Benjamin Enrile, Army spokesman, told reporters that the soldiers' case stemmed from the loss during the aborted coup, of firearms issued to them. Among those firearms, Enrile said, were M-16 and M-14 rifles and assorted ammunitions.

Out of the 128 enlisted personnel, Enrile said 11 were demoted two ranks and the rest, one rank lower.

Aside from the demotion, Flores also ordered the forfeiture from the 128 of the equivalent of a half month's pay for two months. Flores also stressed that the administrative sanctions are without prejudice to the findings of a special survey board which shall determine their liabilities for the loss of their firearms.

Unlike the other soldiers implicated in the December coup, the 128 Scout Rangers were not detained although they are required to report if summoned by military investigators. They are now operating with combat units in the field, Flores said.

More than 1,000 Scout Rangers took part in the failed December 1989 putsch—the sixth to have rocked the Aquino government since 1986. The number includes the some 400 Rangers who laid siege on several high-rise buildings in Makati.

The politicization of the elite military force prompted then Army chief Brigadier General Manuel Cacanando to order the disbandment of the FSRR. Although the unit is still carried in the AFP [Armed Forces of the Philippines] roster, it is considered "unfilled" as its members have been dispersed to other Army units in the field to help fight in the military's counter-insurgency program.

The 128 demoted Scout Rangers briefly occupied the Greenhills shopping complex.

18 Rebels Killed in Zamboanga, Negros

HK0201033791 Manila MANILA BULLETIN in English 2 Jan 91 p 8

[By Tony Rimando]

[Text] Pagadian City—Eighteen members of the New People's Army (NPA) were killed while several others were wounded when Army soldiers staged last week two successive attacks on rebel camps in Zamboanga del Sur and Misamis Occidental, it was learned here yesterday.

Brig. Gen. Cesar Fortuno, commanding general of the Army's 1st Infantry Division based here, said 13 rebels were slain in the first raid last Friday when elements of the 55th Infantry Battalion, led by Maj. Fernando Tinio, overran three rebel camps in the mountain village of Ilara, Tambulig town, Zamboanga del Sur.

2 Female NPA Rebels Surrender in Abra

HK0101081091 Manila DIYARYO FILIPINO in Tagalog 28 Dec 90 p 8

[Text] Brigadier General Juanito Aquias, Philippine Constabulary Cordillera Regional Command chief, said in a report that two female New People's Army [NPA] rebels surrendered in Lacub, Abra.

According to Aquias, Victoria Valera alias Comrade Reggie, 26 years old, a former teacher; and Victoria Vieste alias Comrade Hydra, 23, voluntarily surrendered. It was learned that the two women who were residents of Lacub, Abra joined the NPA when they were still studying in Benguet. A certain Eugenio Paganao alias Comrade Ric and Rayos allegedly convinced them to join the NPA. Paganao is reportedly the leader of the NPA white area command operating in Abra. The report did not state the reason why the two female rebels surrendered. However, Aquias assured they will be given benefits under the government's National Reconciliation and Development Program. They are currently under investigation and may give information on the communist rebels operation in Abra.

Thailand

Further Reportage on Athit's Middle East Visit

Discusses Saudi 'Doubts' Over Policy

BK0301015991 Bangkok THE NATION in English 3 Jan 91 p A1, A2

[Text] Saudi authorities feel they were shortchanged by Thai police who returned only a quarter of the estimated Bt [baht] 500 million worth of jewelery stolen by a Thai worker from a Saudi prince last year, Foreign Minister Athit Urairat said yesterday.

Athit, who returned from Saudi Arabia after a three-day visit, said Saudi authorities also complained that there were even fake items among the pieces returned.

The minister said the incident made the Saudis "doubly displeased" because it came after the unresolved murder of three Saudi Embassy officials in Bangkok last February which subsequently led to a visa ban on Thai workers.

Thai police last January arrested a Thai worker, Kriangkrai Techamong who pleaded guilty to having stolen the jewelery from the palace of a Saudi prince whom he served in Riyadh in late 1989. They claimed to have recovered 80 percent of the loot which they turned over to Saudi Arabia to appease the angry Saudis in March.

Thai police officers in charge of the case were not available for comment yesterday. The foreign minister did not say whether the Saudis had directly complained about the fake jewelery to Thai police.

Athit said Thailand's lukewarm support for the Kuwaiti government-in-exile worsened matters, resulting in an unfriendly attitude among Kuwait's allies in the Gulf, especially Saudi Arabia, towards Thailand.

He said two senior Kuwaiti officials visited Thailand recently to sound out the country's support but they were unable to meet any Thai government officials.

"That has caused doubts (on Thailand's stand) among the Kuwaitis and those in other Gulf states," he said.

The Saudi displeasure, he said, was reflected in the quarantine of Thai food items imported by the United States to feed its forces in Saudi Arabia. The situation, he said, has led to a drastic decline in the volume of trade between Thailand and Saudi Arabia.

Athit said he went to Saudi Arabia intent on putting Thai-Saudi relations back on track. The prospect of war in the Gulf, he said, offered him an opportunity to demonstrate Thailand's sincerity toward and support for Saudi Arabia which now plays host to more than 400,000 members of the international forces bent on driving the Iraqis out of Kuwait.

One of the most-publicized aspects of Athit's visit was his offer to station teams of Thai medical experts and air force technicians to help the Saudis in the event of a war. "They were very pleased with the offer," he said.

Athit said he was able to convince his Saudi counterpart Prince Saud al-Faysal during a meeting of Thailand's "strong support" for the UN resolutions condemning the Iraqi invasion of Kuwait and authorizing the use of force to evict the Iraqi troops from the tiny emirate after the Jan 15 deadline.

"He (al-Faysal) was very pleased and gave me an assurance that Thai-Saudi relations will continue to improve," Athit said.

The Thai foreign minister quoted his Saudi counterpart as promising to look after the tens of thousands of Thai workers in Saudi Arabia who may have to be evacuated if a war breaks out. "The Thais will get the same treatment as the Saudis," Athit said.

During his trip, Athit also met the Amir of Kuwait, Jabir al-Ahmad al-Jabir al-Sabah in Taif where he runs the Kuwaiti government-in-exile and was able to explain to him Thai position on the Gulf crisis.

Athit said he told the amir that after Kuwait is liberated Thailand would be one of the first countries to send a delegation to visit the country.

"We have reached an understanding with Kuwait as far as our relations are concerned. From now on, we will have to be very careful in cultivating the relations," said Athit who described his Saudi trip as "urgently arranged" because of the situation in the Gulf.

Countering criticism that he was moving too fast in dealing with the Middle East situation, Athit has said his policy was based on Thailand's long-term interest in the region. He declared he was ready to take full responsibility for any consequence.

The foreign minister said his overture toward Saudi Arabia was based on the assessment that the international forces in Saudi Arabia would definitely defeat Iraq in the event of a war. "Obviously, if Thailand assumes a wrong foreign policy it would without question be isolated by the six Gulf states after Kuwait is liberated," he said.

Athit said in Riyadh on Monday that Saudi authorities had indicated they were ready to consider issuing re-entry visas for Thai workers who leave the country under the threat of a war. He said there are currently 130,000 Thais in Saudi Arabia and they were concerned that they would not be allowed to return there once they had left the country.

Asks GCC To Fund Worker Training Center

BK0201035191 Bangkok BANGKOK POST in English 2 Jan 90 p 3

[Text] Al Ta'if, Saudi Arabia—Foreign Minister Athit Urairat has asked the six-nation Gulf Cooperation Council (GCC) to fund a training centre for ASEAN workers seeking employment in the Middle East.

The Foreign Minister, during a meeting with a GCC representative here, asked that the centre be set up in Thailand.

ASEAN workers would be trained at the centre to meet the needs of the GCC which comprises Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

Dr Athit said the GCC has a lot of money and could help get the project off the ground.

The GCC no longer needs construction workers, but is having problems finding qualified people to maintain the facilities that have already been built.

Paper Calls Visit 'Successful'

BK0301034191 Bangkok BANGKOK POST in English 3 Jan 91 p 4

[Editorial: "Timely Thai Backing for Right Over Might"]

[Text] The Government's decision to actively back the united task force in the Gulf should be applauded by Thais and outsiders alike. It aligns the country with dozens of others in the common moral cause and effort to force Iraq to adhere to decent international standards. The Iraqi invasion of Kuwait last August not only outraged Thais as world citizens. It left Kuwait under an occupation army which clearly is unwanted and unwelcome. We hope Thailand's offer to send both military and medical specialists to Saudi Arabia is taken up by Riyadh authorities. Though limited in its overall significance, the dispatch of such teams to the Gulf region will serve further notice to Iraq's President Saddam Husayn of the scope of the affront felt by the world.

Similarly, the visit to Riyadh by Foreign Minister Athit Urairat can only be considered timely and successful. Thailand and Saudi Arabia have had differences of opinion over the past year, and serious ones. But Dr Athit has made it clear directly to officials in Saudi Arabia that when the chips are down such past differences are insignificant. Great issues are at stake in the Gulf today. The spectre of war appears closer with each passing day and each bellicose statement from Mr Husayn and his senior advisers. It thus is important that Thailand be counted among those who want both peace and justice in the world. Of only slightly lesser importance at the moment is the future of Thai-Saudi relations. Dr Athit believes all-out support for the UN resolutions on the Gulf crisis, and for the Riyadh government, will help straighten out these relations. He could be right. Saudi Arabia has smarted for more than a year over police handling of the perplexing shootings of Saudi diplomats in Bangkok. This caused Riyadh to slap effective travel curbs on its citizens travelling directly to Bangkok, and take recriminations against Thai workers in the Saudi kingdom. Welcome steps to heal this hurtful rift have already been taken and most restrictions are likely to be eased soon.

Dr Athit himself has been criticised in some quarters for moving too quickly since he took over as foreign minister last month. But it can be said in his favour that on some matters he has succeeded in clearing some fog from Thai positions on important diplomatic subjects. This in itself is a positive move. Thailand's official position on the Gulf crisis was to support UN resolution in a passive manner. This has caused hardship to most Thai citizens in the form of an increased cost of living caused by higher fuel prices, and loss of trade because of the embargo against Iraq. Dr Athit's decision to put the Government squarely on record is therefore simply an affirmation of the fact. It is difficult to find fault with a four-square and public decision to align the country with the moral cause in the Middle East crisis.

The issue in the Gulf is clear. Mr Husayn's army occupies a country illegally, and threatens others both militarily and verbally. Quite rightly, most of the world wants him to stop, back up and return his army to Iraq. Although the Iraqi president has tried, he has failed to make a case that this is somehow a face-off between the United States and Islam. On the contrary, most Muslim countries oppose Iraqi actions. Mr Husayn's repeated call for a jihad has properly been scorned. He has in effect presented the new world order with a challenge, and it has been taken up.

Between now and the UN-imposed January 15 withdrawal deadline, the world will be praying that Mr Husayn realises his serious mistake. War in the Gulf is not inevitable. At any point, Iraq's leader can call off confrontation and the possibility of devastating violence against his country. He can count the number and view the array of countries whose citizens are willing to be counted among his potential foes, if he refuses to heed reason and the United Nations. It is good that Thailand is among them.

Athit Said Making Country Terrorist Target

BK0301024991 Bangkok BANGKOK POST in English 3 Jan 91 p 3

[Text] The Opposition yesterday strongly criticised Foreign Minister Athit Urairat for announcing his full support for Kuwait and Saudi Arabia, saying this would make Thailand a target for international terrorism.

Opposition leaders said after a meeting at the Royal Turf Club that the last government had agreed that though it had to support the United Nations resolution demanding the withdrawal of Iraqi forces from Kuwait, Thailand should otherwise remain non-committal and stay as neutral as it could in the Gulf crisis.

Dr Athit's announcement in Saudi Arabia last weekend, at a time when war was imminent with the approaching January 15 deadline, presented a great danger for Thailand since Iraq had already made it clear that it would hit back against its enemies with all means available, the opposition leaders argued.

At the luncheon meeting were Muanchon leader Chaloem Yubamrung, Social Action secretary-general Montri Phongphanit, Democrat secretary-general Sanan Khachonprasat, Phalang Tham MP [member of parliament] Udomsin Siriphanit and Muanchon MP Adison Phianket.

Pol Capt Chatloem said Dr Athit should not have committed Thailand's position in the Gulf crisis, particularly since the Government had not yet made its policy statement to Parliament.

"On such a sensitive issue we should stay still and not take anyone's side," he said.

"But Dr Athit just came out and committed us to Kuwait. What happens is that we will be a target of international terrorism from the PLO and Libya and (Libyan leader Mu'ammar) al-Qadhdhafi!" Pol Capt Chaloem said.

He also criticised Dr Athit for saying that he would visit "the Khmer Rouge." The Foreign Minister had said that he would visit Cambodia once a political settlement there is well underway.

The Opposition also insisted that the extortion charge against Solidarity MP Dusit Sophitcha was incorrect and the correct charge should be blackmail. It had no opinion on whether or not Mr Dusit was innocent but believed that there were political reasons behind the arrest.

They also reiterated their charges that Communications Minister Samak Suntharawet could not be in the Cabinet, and that Justice Minister Uthai Phimehaichon was guilty of "grave misconduct" for being absent from the Cabinet's official appointment by His Majesty the King.

They also said that their main concern was low prices of agricultural goods, particularly paddy, and they would raise all their grievances in the House of Representatives in their response to the Government's policy statement next Wednesday.

Chatchai Approves Doctors, Not Techs for Saudis

BK0301022991 Bangkok THE NATION in English 3 Jan 91 pp A1, A2

[Text] Prime Minister Chatchai Chunhawan, who secured the Cabinet's approval to spend more than Bt [baht] 500 million to evacuate Thai workers in the Middle East, confirmed yesterday Thailand will send a team of medical doctors to help Saudi Arabia in the event of a war but stopped short of committing himself to dispatching jet-fighter technicians to the desert kingdom.

He said the Thai Red Cross is ready to send its medical personnel to countries expected to be affected by war.

But Chatchai said he did not expect war to erupt in the Gulf as feared. "I am an optimist," he told reporters at the Government House.

The Cabinet yesterday endorsed Chatchai's request to spend an initial Bt587 million for the evacuation of the Thais in the Middle East if a war breaks out.

Government Spokesman Pridiyathon Thewakun said Foreign Minister Dr Athit Urairat proposed to the Cabinet that the Thai Air Force send its F-5 technicians to assist Saudi Arabia to demonstrate Thailand's support for the kingdom.

Athit said he planned to raise the proposal personally with Chatchai, who is concurrently defence minister.

But Chatchai yesterday stopped short of committing himself to the proposal. "It is understood to be a Thai offer to help Saudi Arabia because Thailand has a lot of skilled technicians (in the air force)," Chatchai told reporters.

Chatchai said Thailand fully supports the UN resolution authorizing force to be used against Iraq if it does not withdraw its troops from Kuwait by Jan 15.

Athit offered the medical and technical assistance to Saudi Arabia during his meeting with his Saudi counterpart Saud al-Faysal in Riyadh on Sunday.

The government spokesman said Deputy Prime Minister Gen Athit Kamlang-ek briefed the Cabinet yesterday on the contingency plan to evacuate the tens of thousands of Thai workers in the Middle East if war erupts. They will be relocated to safe camps in Saudi Arabia.

The spokesman quoted Athit as saying that there are 139 Thais remaining in Iraq but 79 of them are scheduled to return to Thailand before Jan 15. He said Thai authorities are trying to persuade the rest to come home for their own safety.

Deputy Interior Minister Watthana Atsawahem, who plans to visit Saudi Arabia next week, said Thai workers will be relocated to safe areas but will not be flown home if a war starts. "It will be very difficult flying home tens of thousands of people," he was quoted as saying.

Pridiyathon said Gen Athit Dr Athit and Watthana will on television on Jan 6 to explain the situation in the Gulf and the evacuation plan. [sentence as published]

Many of the Thai workers in Riyadh said they are reluctant to return to Thailand even if war breaks out because there is no guarantee they will be allowed to return to Saudi Arabia again.

The Thais in Riyadh also feel that they will be safe in the capital if fighting does erupt between the international forces assembled in Saudi Arabia and Iraq.

The workers said told [as published] Foreign Minister Athit who visited them Sunday Saudi authorities still refuse to issue re-entry visas for Thais who leave the country. The stringent measure was adopted after three Saudi Embassy officials were killed in Bangkok last February.

Chatchai Discusses Upcoming Policy Statement

BK0301025991 Bangkok BANGKOK POST in English 3 Jan 91 p 1,3

[Text] Income distribution to rural areas, environmental protection and easing traffic congestion will be among the priorities to be addressed by the Government under its general policy adopted yesterday.

The policy will be announced in Parliament by Prime Minister Chatchai Chunhawan when the extraordinary session opens on January 9.

Gen Chatchai yesterday chaired a gruelling eight-hour Cabinet meeting to discuss details of the draft statement.

The Prime Minister declined to elaborate on the draft statement in detail, but said distribution of income was the most important aspect of the policy.

"Since the Government has only one year and six months to go, we have to be specially careful to make sure that the policy can be fully implemented within this short period," the Prime Minister said.

He said the Cabinet also paid much attention to Bangkok's traffic problems and wanted concrete action taken to ease the problem.

"Since traffic congestion is now very serious, we are thinking about what should be done to facilitate traffic flow. For example, we have to consider whether or not the number of trains running through the city during rush hours can be reduced," Gen Chatchai said.

He said that while major mass transit systems are not yet completed, something must be done to solve the traffic problem.

On the environment, the Prime Minister said controls should be put on motorcycles with two-stroke engines which emit excessive exhaust fumes, a major cause of city air pollution.

"There should be more public parks," he said, adding: "We are turning the Tha Chatchai area in Phuket and the area where the Meteorological Department is now located into public parks. City people want cleaner air." On comments made by academics on television and radio programmes forecasting economic hardships this year, Gen Chatchai said these people tended to be pessimistic.

"When we took over the country's administration in 1988, they said the Government was taking advantage of economic prosperity created by past governments. In 1989, they said again that the economy would be a flop. They made similar predictions for the year 1990 and 1991. Their forecasts never came true. Instead, our economy is growing faster than expected," he said.

"This year the situation in the Middle East seems to be a problem. But we can assure you that the situation is far from our home. We maintain our support for the United Nations resolution (giving Iraq a January 15 deadline to withdraw from Kuwait). We would not have a problem about oil because we do not import oil only from the Middle East but also from our neighbours such as Malaysia, Indonesia and Brunei," Gen Chatchai said.

"Don't be afraid that the year 1991 will be a bad year. We have plenty of food and resources. Don't listen to those who want to paint a grim picture. We have to be farsighted. We would be affected if there is war in Cambodia or Laos. The Middle East is far from us, don't worry," he added.

Asked what the Government would do to prevent vote-buying, Gen Chatchai said he had made known a proposal of his own to lower the voting age to 18 and to introduce compulsory voting.

He said he wanted all eligible voters to be dutybound to vote in elections to enhance democracy.

Gen Chatchai said it was possible to amend the Constitution to make voting compulsory.

"It may not be possible now because there are many people opposed to the idea. But later on I believe more people will realise it is the only way to prevent vote-buying. Every citizen has a duty to protect democracy."

Government spokesman Pridiyathon Thewakun said Gen Chatchai had aksed the Agriculture Ministry to comply with His Majesty the King's initiative to build rice barns for farmers, especially in the Central Region which is the country's rice bowl.

M.R. Pridiyathon said the Prime Minister asked Communications Minister Samak Suntharawet to consider whether or not the State Railway of Thailand golf course near Chatuchak Park can be turned into a public park.

Gen Chatchai also asked Mr Samak to turn the space where the Meteorological Department is now located into a public park by 1992, in time for Her Majesty the Queen's 60th birthday celebrations.

The Prime Minister also informed the meeting that an agreement had been reached with the Finance Ministry to declare Tha Chatchai area in Phuket a national park. The Agriculture Ministry was instructed to take responsibility for this matter.

In a bid to curb air pollution, the Interior and Industry ministries are to consider putting an end to production of motorcycles with two-stroke engines.

On Bangkok's traffic problem, the Interior and Communications ministers are to draw up a plan for solving the problem in detail.

Sources said the government also had a policy to stabilise paddy prices by allowing farmers to mortgage paddy at 3,400 baht per kwien [approximately one ton of rice] or 90 percent of the full price with the Government and will set aside 1,500 million baht for this purpose.

The Government also has a policy to set up an administrative court to consider action against wrongdoing by government officials, the sources said.

Deputy Prime Minister Bun-ua Prasoetsuwan said it took the Cabinet a long time to consider the draft policy statement because everybody wanted the policy, once announced, to be concretely implemented.

He said the policy statement would be ready for distribution to MPs tomorrow.

King Receives Four New Envoys 27 Dec

BK2912145590 Bangkok Army Television Channel 5 in Thai 1230 GMT 27 Dec 90

[Text] The king on 27 December granted an audience to four new Thai ambassadors designate at Chitlada Palace. They are: Second Lieutenant Sathawira Suwannathat, ambassador to the Kingdom of Nepal; Anurak Thananan, ambassador to Brazil; Somkiat Ariyapratya, ambassador to Poland; and Chirasak Muthitaphon, ambassador to Iraq. The new ambassadors are leaving to take up their posts in the four respective countries.

Solidarity To Support MP Arrested for Extortion

BK3012020890 Bangkok THE NATION in English 30 Dec 90 p A1, A3

[Text] The Solidarity Party will stand by Ubon Ratchathani MP [member of parliament] Dusit Sophitcha who was arrested on Friday on a charge of extorting Bt [baht] 1 million and a station wagon from an asphalt-producing company, party spokesman Athit Urairat said yesterday.

Dusit, who was released on bail early yesterday morning, vowed to continue to expose Prime Minister Chatchai Chunhawan and Thanphuying Bunruen in connection with an alleged fraud which caused the bankruptcy of Erawan Trust Company. But he said he did not believe that the prime minister was behind what he had earlier described as a "political frameup" to stop his crusade.

Interior Minister Praman Adireksan yesterday denied that the government had instructed police to arrest Dusit.

Foreign Minister Athit Urairat said the Solidarity Party believed that Dusit told the truth when he said he had not extorted Bt1 million in cash and a station wagon from Tipco Asphalt Co Ltd as claimed by Somchit Setthin, an executive of the company.

"But, first of all, Dusit must be given a chance to clear himself of the charge," he said. "I ask everyone to give some thought to what I have to say that maybe Dusit was too honest and too straight forward who wanted to get everything right."

Athit noted that if Dusit had actually extorted the cash and the station wagon from the company, he would have avoided signing any document which could be used against him.

He said the fact that Dusit had signed receipts for what he took as gift from the company showed that he had received them in good faith.

The party spokesman said he knew that the company had been providing financial support for the now-defunct Community Action Party, of which Dusit had been a member before the party merged with three other parties to become the Solidarity Party.

Athit said he believed Dusit was the victim of a well-organized group which had sought to destroy his political career.

Somchit had told police that Dusit had threatened to expose a bribery case involving the company and the Industry Ministry unless the company gave him Bt2 million and a station wagon. But Somchit alleged that he had managed to strike a compromise with Dusit who later agreed to settle for Bt1 million and a station wagon.

On Friday, Dusit was arrested by police as he was about to leave the company's office in Phya Thai area in a station wagon and a paper bag containing 2,000 Bt500 banknotes was found in his possession, according to police.

Dusit, who was released on a Bt100,000 bail early yesterday morning, told reporters at his home in Bangkok yesterday that he had on several occasions been threatened for his role in exposing corruption involving people in high office.

"There had been efforts to make me a scapegoat. There had been people who want to involve me in ugly scenes," the outspoken MP said.

"Some people say it was the work of the prime minister or his close associates or the third party. But such talk would not be in the interest of anybody."

Dusit said he did not consider Prime Minister Chatchai his enemy and that he still had respect for him.

Central Bank Releases Trade, Deficit Figures

BK2912013190 Bangkok BANGKOK POST in English 29 Dec 90 p 13

[Text] The country's trade deficit in the first 11 months of this year grew to 219,253 million baht, a Bank of Thailand source reported yesterday.

From January to November imports totalled 753,058 million baht, an increase of 27 percent over the same period of the preceding year, while exports increased 15 percent to 533,805 million baht.

The services and unrequited transfers account was 74,000 million baht in surplus, due mainly to earnings from tourism.

The current account deficit increase to 145,200 million baht from 86,500 million baht for the same period of 1989.

Private sector borrowings from abroad totalled 205,422 million baht, an increase of 48 percent.

Thailand's net capital inflow totalled 174,171 milion baht, a rise of 33 percent. This enabled the country to enjoy a balance of payments surplus of 51,448 million baht.

Official rceserves at the end of November stood at US$14.2 billion, or the equivalent of 5.3 months of imports.

The consumer price index in November rose 0.4 percent. For the 11-month period the inflation rate was 5.9 percent while the wholesale price index rose 3.1 percent.

Copyright Enforcement Urged To Protect Exports

BK2912115190 Bangkok SIAM RAT in Thai 29 Dec 90 p 6

[Text] Prida Tiasuwan, vice president of Thai Gems and Jewelry Traders Association, said the federation of copyright holders in the United States comprising the Printing Association, the Motion Picture Export Association, and the Computer Software Association, petitioned their government on copyright violations in Thailand. They noted that despite the existence of a copyright law in Thailand, Thai authorities are ignoring the problem of copyright violations, and therefore it is difficult to arrest violators. The complaint says that there are 90-95 percent violations, with only 5-10 percent paying copyright royalties. The group wants the Thai Government to pay serious attention to the problem or face penalties under Section 301 of the U.S. Trade Act on Thailand's exports to the United States.

Prida said: "The complaint says the United States is losing about U.S.$20 billion annually, reflected in trade deficits with Thailand. It notes that Thailand presently is enjoying 10 percent economic growth and is on its way to becoming another newly industrialized country. Thailand should therefore respect the copyright law in order to maintain smooth relations with its trade partners. Thailand should also stop taking advantage of other countries."

Prida said he wants the government to tackle this problem seriously. Thailand must abide by the same rules as other countries. The practice will help boost the confidence of exporters. If Thailand is penalized under Section 301, its exports would be badly affected and this will eventually affect the country's economy overall.

Foreign Minister, PRC Envoy View Ties, Cambodia

BK2912092090 Bangkok Domestic Service in Thai 1200 GMT 28 Dec 90

[Text] Adisak Phanuphong, director of the Information Department's Press Division, reported that Chinese Ambassador to Thailand Li Shichun had called on Foreign Minister Athit Urairat this afternoon to congratulate Athit on his appointment as foreign minister. Both sides exchanged views on bilateral relations. Relations between the two countries have proceeded and developed well during the past 15 years since the establishment of diplomatic relations between the two countries. In recent years both countries have held meetings on economic, trade, and technological cooperation. Both sides are also of the opinion that there is room for further development of economic and trade relations between Thailand and China.

The foreign minister suggested that China, as a big country in this region, should provide assistance for economic development projects in the region so the people in this region will have well-being, such as will come from cooperation in the Mekong River Basin development project. In addition, he also thanked China for selling cement to help solve the shortage in Thailand and for sending doctors to help treat victims of the gas tanker explosion.

In addition, both sides also exchanged views on the Cambodian and Middle East problems. The foreign minister hoped that the Cambodian problem will be resolved under the United Nations framework because the world situation has changed a great deal. Regarding the Middle East problem, the foreign minister told the Chinese ambassador that he would visit the Thai workers in the Middle East and will meet Saudi officials. The Chinese ambassador also made known the Chinese stand toward the issue, saying that China opposes Iraq's occupation of Kuwait. But China holds that economic and political pressure should be used to pressure Iraq to withdraw its troops from Kuwait in order to avoid a war.

Burmese 'Pirates' Seize Trawler, Threaten Death

BK3112023090 Bangkok THE NATION in English 31 Dec 90 p A1

[Text] A group of Burmese pirates seized a Thai trawler in Burmese waters opposite the southern province of Ranong yesterday and threatened to destroy the vessel and kill all the 38 crew members if they did not get a Bt [baht] 1.5 million ransom, the agent of the firm that owns the ship said.

Suwicha Hiranyaphruk said the incident was the latest in a series of Burmese pirate attacks on Thai trawlers in the Burmese waters. He said the latest ransom demand was "unusually high".

The trawler's skipper, Pharadon Wiphatthakun, was quoted as telling Thai authorities on radio that his Bt25 million ship was seized by about 20 Burmese in military uniforms when it was sailing in Burmese waters, about 160 kilometres off the coast of the province.

Pharadon said the Burmese on three speed boats and armed with automatic rifles and grenade-launchers chased the 289-ton trawler, Daengsiri-udom, for about one hour before managing to intercepting [as published] the vessel.

The trawler, loaded with tons of fish, was seized near a Burmese island. Pharadon said the Burmese asked him to immediately contact his company to ask for ransom.

The skipper said the Burmese told him that they wanted Bt1.5 million in exchange for the trawler and its crew within four days.

The Burmese threatened to burn down the trawler and kill all the 38 crew member if they did not get the money, according to Pharadon. Suwicha said the trawler's owner had not informed Thai authorities because the incident took place in Burmese waters.

Daengsiri-udom is one of Thailand's most sophisticated trawlers and owned by NCC Co Ltd which has a fishing agreement with Burma, according to Suwicha.

He said Thai fishing boats were always attacked in Burmese waters by pirates would hold them for ransoms ranging from Bt10,000 to Bt20,000.

Vietnam

Fatherland Front Holds Meeting on Party Drafts

BK2012142290 Hanoi Domestic Service in Vietnamese 1100 GMT 19 Dec 90

[Text] From 19 to 21 December in Hanoi, the Central Committee of the Vietnam Fatherland Front held meetings to present opinions on the seventh party congress drafts.

Attending the meetings were notables; intellectuals; and representatives of sectors, various strata of society, and religions, who are members of the Central Committee of the Vietnam Fatherland Front.

This morning the participants were hearing Comrade Dao Duy Tung, a member of the Political Bureau of the party Central Committee representing the draft platform on the strategy of socioeconomic stabilization and development to the year 2000.

Tomorrow the meeting will continue to work to hear the participants' opinions on the party draft.

Vo Chi Cong Attends Maritime Products Meeting

BK0301062991 Hanoi Domestic Service in Vietnamese 0500 GMT 1 Jan 91

[Text] On 30 and 31 December in Hanoi, the maritime products sector held a meeting to evaluate the implementation of the 1990 state plan, to commemorate its 30th founding anniversary, and to receive the Ho Chi Minh Order. Also attending the meeting was Vo Chi Cong, chairman of the Council of State.

Through 30 years of construction and development since it was founded in mid-1960—the time when it was able to turn out only 50,000 to 60,000 metric tons of fish and when its material and technical bases were still poor and its contingent of technical cadres was too small—the maritime products sector is now becoming one of the country's important economic sectors.

By 1990, the sector had overfulfilled the state plan for 10 consecutive years. This was also the year in which the sector achieved a gross output of more than 1 million metric tons of maritime products of various kinds and an export value of $205 million and turned in 165.841 billion dong to the state budget.

The state has conferred the Ho Chi Minh Order on the maritime products sector for its achievements and contributions to the country's economy and society during the past 30 years.

Vo Nguyen Giap Visits Bac Thai Province

BK2312141190 Hanoi Domestic Service in Vietnamese 2300 GMT 22 Dec 90

[Text] General Vo Nguyen Giap, vice chairman of the Council of Ministers, recently visited Bac Thai Province to attend functions to mark the Vietnam People's Army [VPA] founding anniversary. The general held a working session with key cadres of the provincial party and people's committees and cordially met with representatives of war veteran associations of districts and cities and leading cadres and people of Thai Nguyen Municipality.

At these meetings, the general urged them to do their best to develop the revolutionary tradition, strive to achieve self-sufficiency in various domains, satisfactorily carry out Uncle Ho's teachings, and continue to carry out the renovation and build an increasingly strong local youth union.

He said: During the wars of resistance for national salvation, our Army strengthened the people-soldier unity and scored great historic achievements. In the socialist construction at present, our entire Army must strive to participate in carrying out economic development programs. Every individual and family must satisfactorily engage in the orchard economy while striving to carry out national defense tasks.

Comrade Vo Nguyen Giap visited the province's cultural museum on the occasion of the commemoration of its 20th founding anniversary. He also visited people in Son Long Ward of Thai Nguyen Municipality.

Le Duc Anh Meets Women's Union Delegates

BK2412104390 Hanoi Domestic Service in Vietnamese 2300 GMT 23 Dec 90

[Text] A Vietnam Women's Union [VWU] Central Committee delegation led by its chairman, Nguyen Thi Dinh, on 22 December visited and conveyed best wishes to the Ministry of National Defense on the occasion of the commemoration of the 46th founding anniversary of the Vietnam People's Army [VPA] and the all-people national defense day.

General Le Duc Anh, member of the Communist Party of Vietnam Central Committee Political Bureau and minister of national defense, and many other generals cordially received the delegation.

Comrade Nguyen Thi Dinh, on behalf of the VWU Central Committee and women throughout the country, highly commended the VPA for its efforts in upholding revolutionary heroism, strengthening national defense and construction, fulfilling all assigned tasks, firmly maintaining the noble title of Uncle Ho's soldiers, and consistently carrying out the determined-to-win tradition in the new stage, thereby positively contributing to—together with the entire party and people—fulfilling the two strategic tasks of the nation.

Dao Duy Tung Opens Fine Art Exhibition in Hanoi

BK2112162290 Hanoi VNA in English 1505 GMT 21 Dec 90

[Text] Hanoi VNA December 21—The 1990 National Fine Arts Exhibition was inaugurated yesterday at the Van Ho Centre for Cultural, Artistic and Photographic Exhibition, Hanoi, by the Ministry of Culture.

Among those present on the occasion were Dao Duy Tung, Politburo member and secretary of the party Central Committee; and Tran Hoan, minister of culture, information, sports and tourism.

On display are 1,351 works by 822 authors, 112 of them women and 26 ethnic nationals.

The much greater number of participants compared with previous exhibitions as well as the wide range of artistic genres and the diversity of materials used convey a distinct atmosphere of artistic freedom which has become manifest in multiple individual and group exhibitions in recent years, especially in regional exhibitions and "creation camps" in preparation for the national exhibition.

The display also testifies to a painful quest for daring ideas and the care for artistic language and forms by each artist in their apparent efforts to assert their personality.

Party School Holds Symposium on Political System

BK0301064191 Hanoi Domestic Service in Vietnamese 1000 GMT 2 Jan 91

[Report on NHAN DAN 2 January article: "Opinion Contributed to the Seventh Congress of the Party Draft Documents," citing some issues discussed at scientific symposium held recently by Nguyen Ai Quoc Institute on the subject "Renovate the Political System and Heighten the Party Leadership Role for Socialism Goals"—from the press review]

[Text] Professors Dau The Bieu, Ho Van Thong, the Masters of Art Hoang Van Hao, Nguyen Phu Trong, Tran Xuan Sam, Mai Trung Hau, Nguyen Van Dieu, Comrade Tien Hai from TAP CHI CONG SAN, and Van Hai the deputy head of the Party Construction Faculty of Nguyen Ai Quoc Institute provided supplementary opinions analyzing and explaining the meanings of the draft platform.

On the essence of renovation, strengthening the political system signifies the building up and gradual perfecting of democratic socialism with the main points clearly defined as the functions and the relationship between the party and the state, the party and the mass organizations, and the party and the social organizations.

About the democratization of the political system, Professor Ho Van Thong said that in ideological pursuits, we often encounter "a fashion of thought" which dictates that whoever mentions basic principles will be assumed to be dogmatic and conservative. That way of thinking encourages people to think conveniently and sensibly, and therefore, it is contrary to the law on the subjective tendency of reality.

In mankind's ideological history, in the scientific field, comprehension is not the only thing that's important to the subject. The main thing is to focus on the nature of the subject. If this is not done, it is easy to lose direction.

Democracy is the exploitation of the potential of citizens from all walks of life and does not necessarily lead to pluralism.

Do Muoi Sends Greetings to Thai Prime Minister

BK2612024490 Hanoi Domestic Service in Vietnamese 1430 GMT 24 Dec 90

["Greetings" from Do Muoi, chairman of the Council of Ministers, to Chatchai Chunhavan, prime minister of the Kingdom of Thailand, on 20 December]

[Text] On your reappointment to the position of prime minister of the Kingdom of Thailand, I would like to send you the warmest congratulations.

I believe that in your very important position, you will continue to contribute more to the friendship, cooperation, and neighborly relations between Vietnam and Thailand for the benefit of the people of the two countries and for the cause of peace, friendship, and cooperation in Southeast Asia.

I hope you realize new achievements in your noble duty.

Minister Greets Japan's Nakayama on Reappointment

BK0301073591 Hanoi Domestic Service in Vietnamese 1430 GMT 2 Jan 91

[Text] On 2 January 1991, Foreign Minister Nguyen Co Thach sent a message of greetings to His Excellency Taro Nakayama on the occasion of his reappointment as minister of foreign affairs of Japan.

Increased Trade With Singapore in 1989 Reported

BK0101075191 Hanoi VNA in English 0708 GMT 1 Jan 91

[Text] Hanoi VNA January 1—Singapore ranks second, after Japan, among Vietnam's non-communist trade partners, with a sixfold increase in turnover in seven years.

Two-way trade values went up from 50 million U.S. dollars in 1982 to 306 million in 1989. Also in 1989, Vietnam exported to Singapore some 190 million U.S. dollars worth of rice, maize, coffee, rubber, sea products, cast-off metal, crude oil and hides. The figure for 1988 was 142 million.

In return, Vietnam imports from Singapore PVC [polyvinyl chloride], oil products, fertilizers, electronic goods, sewing machines, and consumer goods.

Function Held To Mark Cuba's National Day

BK2712151090 Hanoi VNA in English 1443 GMT 27 Dec 90

[Text] Hanoi VNA Dec. 27—A get-together was aranged in Hanoi today by the Vietnam Union of Peace, Solidarity and Friendship organizations and the Vietnam-Cuba Friendship Association on the occasion of the 32nd anniversary of Cuba's National Day (Jan. 1).

Speaking at the function Ms. Nguyen Thi Binh, president of the said union, and Cuban Ambassador Armando G. Saucedo Yero stressed the close friendship and cooperation between the two countries and wished the people of Cuba and Vietnam greater successes in their national construction.

Do Muoi Greets New Bulgarian Prime Minister

BK2312070090 Hanoi Domestic Service in Vietnamese 1430 GMT 22 Dec 90

[Text] Do Muoi, chairman of the Council of Ministers, on 22 December sent a message of greetings to lawyer Dimitrov Popov on his appointment as chairman of the Council of Ministers of the Republic of Bulgaria.

In the message, Chairman Do Muoi expressed his wishes for the continuous development of the existing relations of friendship and cooperation between the Socialist Republic of Vietnam and the Republic of Bulgaria.

Also on the same day, Nguyen Co Thach, vice chairman of the Council of Ministers and minister of foreign affairs, sent a message of greetings to His Excellency (Victor Pankov), newly appointed vice chairman of the Council of Ministers and minister of foreign affairs of the Republic of Bulgaria.

Oil Exploitation With British Company Reported

BK0101160791 Hanoi VNA in English 1456 GMT 1 Jan 90

["Vietnam in the Eyes of Foreign Businessmen"—VNA headline]

[Text] Hanoi VNA Jan 1st—"The Vietnamese have established a good cooperative relation with our company in oil prospection and exploitation", said Tom

Newman, general director of Enterprise Oil Exploration of Britain, in an interview concluded by VNA in Ho Chi Minh City recently.

In April 1989 Enterprise Oil signed with Vietnam Petro a contract on oil exploration and exploitation on Vietnam's continental shelf. Six months later, the first drill was made, which is a record time. Oil was found on November 16, 1990 during the second prospection drill at Lot 17-C-IX, 30 km off Vung Tau at a depth of 40 metres.

Enterprise Oil general director said that the work was proceeding "encouragingly". Asked about the modest yield of 300 barrels of oil per day from the well, he said it was because the cavities in the oil deposit are small and the crude has a high parafin content which solidifies at 30-33 degrees celsius. As the Enterprise Oil has a long experience in tapping crude with a high parafin content this is not a major problem, he said.

He revealed that his company is spending from seven to ten million U.S. dollars on each drill in Vietnam, which is "an acceptable risk".

"We are satisfied with the contract terms with Vietnam. This will encourage other companies to invest in oil exploitation here," said Tom Newman. He noted, however that some impediments had to be ironed out. For instance, the poor infrastructure and communication facilities, bureaucratism and cumbersome regulations on the transfer of foreign exchange.

"However, no difficulty can dampen our determination to go ahead," Tom Newman said, adding that the Vietnamese partner has got on very well with his company which ranks first among foreign companies in hiring Vietnamese service companies. Enterprise Oil has signed a number of contracts with Vung Tau Chartered Helicoter Company, the technical service company Petro Vietnam, and the Petro Service Company in the transportation of equipment and food, and other services.

Minister Views 1990 Agricultural Achievements

BK0201071391 Hanoi Domestic Service in Vietnamese 1100 GMT 31 Dec 90

[Interview with Minister of Agriculture and Food Industry Nguyen Cong Tan by unidentified station correspondent; place, date not given—recorded]

[Summary] [Correspondent] Could you please tell us something about major agricultural developments last year.

[Nguyen Cong Tan] During the last year, new difficulties have emerged on the agricultural production front. For example, there have been serious fertilizer shortages in the southern provinces, while many northern provinces have been hit by natural disasters and epizootics. There have also been unexpected changes in the prices of materials in support of agricultural production. "Nonetheless, generally speaking, agricultural production has continued to develop. This is the third year in which we have had high yields. The 1990 grain output is expected to reach more than 21 million tonnes in paddy equivalent, which is basically sufficient to cover the demands of the society, national grain reserves, and exports."

"The cultivation of short-term and long-term industrial crops has continued to develop in hectarage, productivity, and volume of production. Compared with 1989, the hectarage of industrial crops has increased by 1.8 percent. The hectarage of short-term industrial crops alone has increased by 3.7 percent. Particularly, the hectarage of rice planting has increased by six percent and soybeans by four percent. Progress has also been made in tea, rubber, and coffee production, as well as in sericulture and cotton planting. Our export turnover has continued to rise and has created an important source of foreign currency to import materials in support of agricultural production."

[Correspondent] What are the factors for success on the agricultural production front?

[Nguyen Cong Tan] First of all, we must cite weather conditions, which have remained favorable for the last several years. Particularly, no serious natural disasters have occured in any major rice-growing region like the Mekong River Delta and the Red River Delta. Second, we must mention that there has been more investment in agriculture, particularly in industrial and perennial crop cultivation. Third, many scientific and technical innovations have been applied to agricultural production.

"In my opinion, the most important factor of success must be traced to the good impact that the new mechanisms and new policies have had on agriculture, the rural areas, and peasants over the past years." For example, the new contract system based on the Political Bureau Resolution No. 10 has helped fully realize the great potential of tens of millions of peasants throughout the country. In addition, thanks to the multisectorial economic development strategy and other incentive policies, the great strengths of the entire society have been mobilized.

[Correspondent] As set forth by the National Assembly at its recent session, the grain production target for 1991 is 22 million tonnes. What do you think about this target?

[Nguyen Cong Tan] In my opinion, this is a correct target if we are to meet the demands of the people, national grain reserves, and exports. To this end, we must make every effort to accelerate grain production nationwide, especially in the Mekong River Delta provinces. Two major measures must be taken here. "First, continued efforts are needed to supplement or formulate incentive policies toward agricultural production to encourage peasants to vigorously boost grain production."

"Second, steps must be taken to secure conditions for crop cultivation in terms of fertilizer, insecticides, and other means."

1990 Agriculture, Industry Gains, New Goals Noted

BK0201132291 Hanoi Domestic Service in Vietnamese 2300 GMT 31 Dec 90

[Summary] In 1990, despite the complex international situation, decreasing revenues from abroad, and continuous natural disasters, our country achieved some changes for the better. "Agricultural production continued to be vigorously increased to achieve the production volume of 21 million or more metric tons of grain." In three main rice seasons "the country planted nearly 60 million hectares of rice. Six provinces each harvested 1 million or more metric tons of grain, namely Ha Nam Ninh, Tien Giang, Hau Giang, Cuu Long, Dong Thap and An Giang."

In 1990, 11,000 additional hectares of rubber plants were planted and "48,000 tonnes of rubber were processed including 30,000 tonnes for export. As for maritime products, 1.19 million tonnes were caught and processed, including 310,000 tonnes of raised products."

The value of gross industrial output showed a net increase of five percent over that of 1989, although that was still behind the plan norm. Many state-owned industries began to adapt to the new mechanism. The number of many industrial products and consumer goods increased considerably, including "2.5 tonnes of crude oil, 103,000 tonnes of steel, and 2.4 million tonnes of cement—1 million tonnes from Bim Son cement plant alone."

Since 1989, owing to a shift to market-oriented economy with state control, primary economic installations have become more active and creative in production and business. The situation of false profits and true losses has been basically overcome.

In the domains of export and foreign investment, the country achieved "2.15 billion roubles and dollars in export. The quota of agricultural, forestry, and maritime product exports increased by 30 percent over those of 1989 and accounted for 60 percent of the national export quota. In 1990 we exported 1.5 million tonnes of rice. The total export quota for five years 1986-90 increased 2.2 times compared to that of 1981-85."

In the past three years "licenses have been issued to nearly 200 investment projects involving a capital of U.S. $1.4 billion or so. The 1990 investment in capital construction was estimated at 1,650 billion dong, accounting for 20 percent of the state budgetary expenditures."

These significant changes have asserted that the renovation lines of the sixth party congress are correct and that the policies and guidelines are currently being implemented in that direction.

We are now entering 1991. "The socioeconomic norms recently established by the National Assembly are: gross social products are to increase by 4.3 percent; national income is to increase by 4.5 percent; and agricultural production is to increase by 3.1 percent compared to 1990; grain production volume is to reach 22 million tonnes; industrial production is to increase by 4.7 percent and export quotas are to increase 16 percent over 1990; capital construction investment from the state budget is set at 1,450 billion dong; and the population growth rate is to decrease by 0.006 percent from the 1990 figures."

Rice Production Statistics for 1990 Reported

BK0201105591 Hanoi VNA in English 0724 GMT 2 Jan 91

[Text] Hanoi VNA Jan 2—In 1990 farmers in the whole country produced 21.3 million tons [tonnes] of food in paddy equivalent on the total acreage of 9 million hectares, 17,000 hectares more than 1989.

This achievement is regarded as a result of larger investments in all localities in improving irrigation systems, transforming the crop fields and rationalising the crop pattern.

Inspired by their 1990 achievement, farmers in the whole country are concentrating more efforts on the cultivation of the winter-spring crop. Up to December 25 1990, 600,000 hectares were put under winter-spring rice, mostly in the Mekong River Delta provinces.

Economist on Growth Prospects, Oil Development

BK2512031090 Bangkok THE NATION in English 25 Dec 90 p A12

[Report on interview with Le Dang Doanh, deputy director of the SRV Central Institute for Economic Management, by THE NATION's Hanoi bureau chief, Kawi Chongkitthawon; place, date of interview not given]

[Text] Like the rest of the world, Vietnam's economy has been hit hard by the Gulf crisis. Its hope for a year of rapid economic growth has been dashed and 1991 promises to be another difficult year.

Vietnam's economic growth this year is estimated at 2.1 per cent, almost half of that attained in 1989, according to Le Dang Doanh, a respected Vietnamese economist. He expects Vietnam's growth rate next year will be between 2.3 and 4.6 per cent.

Vietnamese economists are generally optimistic that with proper implementation of relevant laws and regulations and elimination of bureaucratic red tape, the country can move faster in an economic recovery. Doanh said one of the most immediate tasks next year is serious enacting of new laws and regulations, especially those dealing with labour, private enterprise companies, to strengthen market mechanism to attract foreign investment and stimulate domestic economy.

Doanh, who also serves as deputy director of the Central Institute for Economic Management, is one of those on the optimistic side. In an interview with THE NATION recently, he described the Vietnamese economy as being in the "best condition" he has ever seen.

His optimism is based on the fact that Vietnam is now the world's third largest rice exporter after Thailand and the U.S., and the country is also exporting rubber and crude oil—something that it could never think of a few years earlier. He attributed the limited economic progress to Vietnam's determination to move away from the centrally-planned economy to market-oriented economy.

The agricultural sector has so far benefited most from the current economic reform, introduced in 1986. Doanh said farmers have been encouraged to produce more by higher prices for their produce. The lack of fertilizers, however, is slowing down the growth in this sector.

But Vietnam is still a long way from getting out of its present economic crisis, brought about by more than 40 years of economic mismanagement. Delegates to the recent National Assembly painted a gloomy picture for the coming year. Among the serious problems pointed out during the session are the lack of foreign currency reserves, poor banking system, and rising unemployment.

Vietnam's faltering economy has been set back even further by the sudden cutback in economic aid by the Soviet Union and former communist allies in East Europe. The Soviet Union, facing its own serious economic hardships at home, has put an end to its favourable trade treatment for Vietnam through Comecon. Starting next year, Vietnam will have to pay for all imports from the Soviet Union and other Comecon members in hard currencies.

Denied of its traditional export market following the collapse of the communist states in Eastern Europe, Vietnam has started looking for new trade partners irrespective of political and ideological stands. And Vietnam is realistic enough to look to its Southeast Asian neighbours for a helping hand to put its derailed economy back on track.

The Communist Party of Vietnam recently circulated a document that it hopes will lay down the guidelines for the country's future economy. The document is now being discussed by all parties concerned and it will be deliberated in the 7th National Party Congress, scheduled for May.

The document, officially entitled "Strategy for Social-Economic Stability and Development by 2000," envisages a doubling in 10 years of Vietnam's per capita income to US$200-210.

The essence of the document is its emphasis on promoting market- oriented economy. While admitting that Vietnam remains as one of the world's poorest countries, the document attributes its economic failures to its pursuit of a dogmatic "socialist model of economic development," including over-emphasis on heavy industry and the absence of private businesses.

It also stresses the need for a credible legal guarantee of private economic activities as well as realization of an open-door economic system. The document also points out the necessity of solving the unemployment problem which now exceeds 6 per cent and reducing the population growth rate now estimated at 2.1 per cent.

The document places high hope on development of large-scale oil and natural gas fields and mineral resources. Vietnamese officials, including Doanh, said that oil explorations could be the most promising investment for their country for the coming years.

So far several Western countries, mostly from the EC, are engaged in oil and gas exploration in Vietnam. And despite the official U.S. economic embargo against Vietnam, some American companies have started oil exploration projects in the country. The U.S. now ranks 19th among 29 countries that have invested in Vietnam as of October. France tops the list with 47 projects while Japan ranks seventh with 11 projects.

A recent report by the Hawaii-based East-West Centre said Vietnam could become a high-growth economy during the first two decades of the next century if its oil and gas deposits are fully exploited. It is estimated that Vietnam could discover up to 2.5 billion barrels of oil, and that daily production could increase from the current 50,000 barrels to 400,000-600,000 barrels in 10-15 years.

With such a potential, Doanh said Vietnam has got to get its act together as soon as possible. "Now we live in a rapidly changing world. To lose time nowadays means to lose the (foreign investment) projects," Doanh said.

"We need to accelerate our decision-making process and improve coordination among various government organizations," he added, apparently referring to frequent complaints by foreign investors of red tape.

Doanh said there is a lot Vietnam can learn from Thailand, especially in the promotion of export-oriented industries and development of modern business management. He hopes that when there is a clear framework for economic cooperation between Thailand and Vietnam, both countries may enter into a joint venture with a third country. "We can make use of Thailand's connections in the international markets while we have our own experiences in the former Eastern Bloc to share," Doanh said.

Forestry Progress in North, Central Areas Noted

BK0201112191 Hanoi VNA in English 0718 GMT 2 Jan 91

[Text] Hanoi VNA Jan 2—In the next ten years, the six mountain provinces in the northwestern and central parts of North Vietnam plan to grow 1.5 million hectares of new forest for both protective and economic purposes.

This was announced at a meeting held in Hoa Binh provincial town, Ha Son Binh Province, from December 28 to 30 1990 by the Ministry of Forestry with the participation of representatives of the provinces of Lai Chau, Son La, Ha Son Binh, Hoang Lien Son, Ha Tuyen and Vinh Phu, on forestry development as a main direction for local socioeconomic development.

The six provinces have a total of 63 districts or equivalent administrative units with a total natural area of more than 6.6 million hectares, of which only 21 percent are still covered by forests, and a population of four million inhabitants of 40 ethnic groups. These are the headwater areas of many large river systems with high hydro-electric power and irrigation potentials, hence their strong and direct influences on the operation and existence of the Hoa Binh and Thac Ba hydroelectric power plants, as well as on agricultural production environment and human life in northern Vietnam.

In the areas of low elevation in Ha Tuyen, Hoang Lien Son, Vinh Phu and Ha Son Binh Provinces, the new forests to be grown as per plan will mainly supply timber, firewood and industrial raw materials. While in the areas of higher elevation in Lai Chau, Son La, Ha Tuyen and Hoang Lien Son Provinces, protective forests and special trees of high economic value will be planted. Local economic planners expect to expand the forest cover in the six provinces as a whole to 40-50 percent in ten years' time, involving about one million peasant households in forestry and agro-forest economic development.

In 1990 Lai Chau, Son La, and Ha Son Binh Provinces alone planted 1,251 more hectares of forests, 935 hectares of which are protective forests in 43 villages lying along the Da River that supplies water for the Hoa Binh hydropower plant.

Genetic Development Seminar Conducted in Hanoi

BK2812162390 Hanoi VNA in English 1453 GMT 28 Dec 90

[Text] Hanoi VNA December 28—A seminar on orientation for genetic research and development in animals and plants was held in Hanoi on December 27-28 by the Institute of Agricultural Genetics under the Ministry of Agriculture and Food Industry.

The seminar, funded by the United Nations Development Programme (UNDP) and the Food and Agriculture Organisation (FAO), was attended by scientists and researchers of the Vietnam Genetics Association, and representatives of the International Genetics Federation, UNDP and FAO.

Hue Television Station Marks 15th Anniversary

BK3012081090 Hanoi Domestic Service in Vietnamese 2300 GMT 29 Dec 90

[Text] The Hue Television Station just held an anniversary celebration to mark 15 years of construction and development after liberation day. Broken equipment and machines were inherited from the old TV station, but because of efforts to modernize its equipment and machines, the Hue Television Station today has fulfilled the demands of the people of Hue.

The broadcasts, which used to be two to three times a week, have been increased to seven programs a week. In the last 15 years, the station has aired 2,500 programs with more than 6,500 hours.

Following closely the political duties of the locality, the Hue Television Station has gradually improved its program quality, its plentiful information service, and has especially concentrated on countering negativism.

Australia

GATT Negotiator Sees 'Hint' of EC Concessions

BK0301093491 Hong Kong AFP in English 0924 GMT 3 Jan 91

[Text] Canberra, Jan 3 (AFP)—The European Community (EC) has hinted that it may make concessions on agricultural protection, Australian trade negotiations minister Neal Blewett said Thursday.

The EC's refusal to make any concessions on reducing subsidies to farmers led to the failure of last month's world trade talks.

Mr. Blewett said in a radio interview that a concession by the Europeans on agriculture could enable advances to be made in other areas of the Uruguay round of the General Agreement on Tariffs and Trade (GATT), which broke down in December in Brussels.

"The one promising sign at Brussels was a hint, and I won't put it higher than that, that the Europeans were at last prepared to look at negotiating commitments in the three areas of market access, internal support and above all export subsidies," he said.

The Brussels meeting was adjourned after the EC refused to negotiate on demands by the United States and the Australian-led Cairns Group of agricultural producers that it cut agricultural protection in three key areas.

Mr. Blewett rejected as propaganda EC claims that the United States and the Cairns Group were too demanding and not prepared to make concessions.

"If they're prepared to give us a worthwhile framework for negotiations we are perfectly prepared to look at ways of meeting their particular concerns," he said.

Mr. Blewett led Australia's delegation to the GATT meeting in Brussels.

GATT Director-General Arthur Dunkel has since called a meeting of negotiating officials for January 15 in Geneva to see if there is any sign of movement in the opposing positions.

Mr. Dunkel is expected to visit the main capitals, including Canberra.

Papua New Guinea Asked To Lift Aid Blockade

Relief Team Ready To Investigate

BK0201064091 Melbourne Overseas Service in English 0500 GMT 2 Jan 91

[Text] An Australian relief team is on standby to fly to the island of Bougainville to investigate claims that hundreds of people are dying of disease. The federal government has asked the Government of Papua New Guinea to lift its blockade of emergency aid on the rebels. The executive director of the Australian Council for Overseas Aid, Mr. (Russell Rollanson), says the blockade could be in violation of human rights.

[Begin (Rollanson) recording] There certainly have been a number of reports we have received about women dying in childbirth, there clearly are indications of increased prevalence of malaria, particularly amongst the children, and there are problems of tropical ulcers, some malnutrition, but the full extent of it is not quite clear because there have been, as we all understand, no international or Western or outside observers into Bougainville since about April. [end recording]

Acting Minister 'Disappointed'

BK0301071691 Melbourne Overseas Service in English 0500 GMT 3 Jan 91

[Text] Australia says it is disappointed by Papua New Guinea's apparent refusal to allow a shipment of medical supplies to the troubled island of Bougainville. Australia's acting foreign affairs minister, Dr. Blewett, said Canberra understood that a notion of approval in principle had been given by Port Moresby for the mission although some details had yet to be worked out. He said he would continue to negotiate with Papua New Guinea, and he hoped the mission organized by the Australian Council for Overseas Aid could still go ahead.

Radio Australia's Port Moresby Office says Papua New Guinea's prime minister, Mr. Namaliu, refused entry for the council's medical team and supplies, saying any outside interference in Bougainville was totally unacceptable. Our office says the mission is aimed at alleviating reported dire health conditions on the island in the wake of a blockade imposed by Port Moresby last May as part of its campaign against seccessionists.

Papua New Guinea

Namaliu Says Bougainville Problem 'Main Priority'

BK0201075091 Melbourne Overseas Service in English 0500 GMT 2 Jan 91

[Text] Papua New Guinea's prime minister, Mr. Rabbie Namaliu, says an early solution to the Bougainville problem is his government's main priority for 1991. He told the National Broadcasting Commission in Port Moresby he is keen for an early resumption of peace talks with the leaders of the separatist movement on Bougainville. The Pacific News Service, PAC News, says it is being revealed that the Port Moresby Government had agreed to an earlier demand by the separatists that the national minister provincial affairs and member for Bougainville, Father John Momis, take part in subsequent peace talks.

However, in an interview this week with AUSTRALIAN ASSOCIATED PRESS a Bougainville militant leader said there would be no more peace talks. The Port Moresby Government has not replied to this statement.

Namaliu Warns Against Outside Interference

BK0301071391 Hong Kong AFP in English 0500 GMT 3 Jan 91

[Text] Port Moresby, Jan 3 (AFP)—Papua New Guinea Prime Minister Rabbie Namaliu warned Thursday that his government would not tolerate outside interference in the Bougainville crisis.

In a statement, the prime minister praised Australia for its non-involvement, only a day after he barred a group of Australians shipping medical supplies to secession-seeking Bougainville, where Port Moresby's blockade is alleged to be contributing to deaths.

"This is an internal matter between the government of Papua New Guinea and rebel elements on Bougainville," Mr. Namaliu said in a previous statement on Wednesday.

"If any organisation wants to offer medical or other supplies it is welcome to do so through the government of Papua New Guinea," he said.

Port Moresby imposed a total blockade on the copper-rich island after the Bougainville Revolutionary Army (BRA) declared independence in May, two months after a tenuous ceasefire ended a 16-month war.

"The Australian Government fully understands that the problem is one for the independent State of Papua New Guinea to resolve," Mr. Namaliu said on Thursday.

"Any attempts by any organisations, or the BRA or its agents to drive and create a division between Papua New Guinea and Australia on the issue will fail.

"The BRA has made a series of irrational and completely unjustified attacks on the Australian Government since the rebel activity began two years ago," he said.

BRA leader Sam Kauona was recently reported to have blamed Canberra's indifference for prolonging the crisis, triggered when militant landowners sought compensation from the Australian-run copper mine on Bougainville.

"All the problems on Bougainville had come as a result of Australia ignoring calls by Bougainvilleans in 1975 for independence," he said.

Papua New Guinea gained independence from Australian Administration in 1975. Canberra, which is Port Moresby's biggest donor, helped train and supply government security forces that confronted the BRA.

Lifting of Blockade Announced

BK0301094491 Hong Kong AFP in English 0900 GMT 3 Jan 90

[Text] Port Moresby, Jan 3 (AFP)—Papua New Guinea Prime Minister Rabbie Namaliu announced Thursday that his government would lift the blockade imposed on secessionist Bougainville Island.

The decision came less than a week after Bougainville Revolutionary Army (BRA) Supreme Commander Francis Ona, during his first interview in two years, ruled out further peace talks and demanded that Port Moresby lift its blockade.

Mr. Namaliu said in a statement released here that the communications and transport blockade would be lifted from Friday on the North Solomons province which includes Bougainville.

"The unconditional withdrawal of government services would now be fully restored to alleviate all misunderstanding on the government's efforts to control movement of people and communication and services to the island," he said.

Port Moresby imposed the blockade on the island in May after the BRA declared independence, two months after a tenuous cease-fire halted a 16-month war that claimed more than 80 lives.

During peace talks between Port Moresby and Bougainville representatives in August, both sides agreed under the Endeavour Accord to send medical and other aid to BRA-held islands and hold further peace talks.

Port Moresby sparked fresh conflict and further deaths in October when it retook Buka Island, located just off Bougainville, which had been held by the BRA.

The move to end the blockade followed Wednesday's decision by Port Moresby to bar a group of Australians taking medical supplies to Bougainville and its warning to outside powers not to interfere.

Mr. Namaliu said: "Since May 1990 there has been considerable misunderstanding by both local as well as overseas interests of the real intention of the government to restrict certain communications and services to the island.

"The restrictions were necessary to safeguard the safety and welfare of public servants on Bougainville as well as to deny the BRA leadership the advantage of using national government services to facilitate their secessionist motives.

"At the same time the national government was fully concerned about the lives of the people being put at risk by the absence of proper medical services," Mr. Namaliu said.

Human rights groups have alleged that women had died during childbirth on Bougainville, others from malaria and other tropical diseases because of the lack of medical facilities.

Amnesty International has alleged summary executions, torture and ill-treatment by both sides during the Bougainville conflict.

Mr. Namaliu said that the government's efforts have been directed at preserving the lives and welfare of the people of the North Solomons.

"These initiatives included the reintroduction of medical and other services on Buka Island in October," he said.

The uprising traces to rebel landowners seeking compensation from the giant Australian-run copper mine on Bougainville.

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linear teams comprised of dozens of technicians at the Nagoya Aircraft and Space System Factory and the Mihara Factory (in Mihara City).

Six hundred eighty billion yen has been set aside for research and development costs during the next-term defense buildup plan. This accounts for three percent of the total defense budget during the plan. Research and development costs in the defense budget in the 1990s accounted for 2.5 percent; this increase will make it possible for the government to meet more research and development costs, borne until now by Japanese enterprises. Increases in research and development costs will lend some impetus to Japanese enterprises in shifting to production of nonmilitary hardware.

General Dynamics 'Overruns' Hike FSX Spending

OW2212074990 Tokyo ASAHI SHIMBUN in Japanese 21 Dec 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] The cost of the development of the next-generation support fighter (FSX) to be used by the Self-Defense Forces, under the first joint Japan-U.S. weapons development project, has grown from the original estimate of approximately 165 billion yen, mainly because of cost overruns by General Dynamics. Although the Defense Agency has not made the figures public, the Next-Term Defense Buildup Plan (new NTDBP from 1991 to 1995), adopted at a Cabinet meeting on 20 December, estimated FSX development costs at approximately 250 billion yen. The costs appear to be included in the total defense budget. The ratio of U.S. work share for the FSX development was set at "35-45 percent of total development costs" in the 1988 Japan-U.S. defense ministerial talks. This ratio of work share for the U.S. side has increased to nearly 50 percent because of cost overruns by the U.S. side. The work share ratio between Japan and the United States, set at the end of tough negotiations between the two countries, would be virtually reversed in the future.

According to a Defense Agency official, cost overruns by the U.S. side occurred following the start of joint development work after a joint design team, comprised mainly of technicians from Mitsubishi Heavy Industries and General Dynamics, was organized this March. Development contracts will be concluded based on each development and work stages. In one case, the cost has doubled the original estimate. If the Defense Agency had accepted U.S. insistence this summer, total development costs would have risen to 280 billion yen. However, tens of billions of yen have been reduced as a result of subsequent negotiations between the Defense Agency, the U.S. Defense Department, and General Dynamics.

Analyzing reasons for cost overruns by the U.S. side, a senior Defense Agency official notes: 1) in the United States, compared to civilian industry based on free competition, the defense industry is heavily dependent on the military and has a strong tendency to increase estimated costs even after it begins development; 2) the decline in orders for weapons in the United States following the end of the Cold War has boosted the technological work-unit cost and prices of parts; 3) the costs for FSX development were overestimated because of insufficient trust between Japan and the United States over this first joint development project; and 4) Japan and the United States set the ratio of their work share for the FSX development, and this has resulted in the granting to U.S. enterprises of an advance guarantee on their contracted portion of the development project and has made it difficult to change contractors even if costs are raised.

At first, the Japanese side was strongly opposed to the formula of deciding the ratio of work share for FSX development between Japan and the United States. However, the Japanese side made concessions to the U.S. side on the formula at the end of tough negotiations; this was confirmed verbally between then Defense Agency Director General Kawara and then Defense Secretary Carlucci in June 1988. The U.S. Administration, faced with Congressional pressure, made a strong request that the Japanese side decide the ratio of work share. In April 1989, (then) Japanese Ambassador to the United States Matsunaga, in his letter to Secretary of State Baker, stated that "the U.S. work share during production would be approximately 40 percent of total production costs"; this settled the work share issue between the two countries. Therefore, it is being pointed out that cost overruns in the FSX development foretells high future production costs for the FSX.

The FSX is a successor to the F-1 support fighter, tasked with bombing enemy ships to prevent them from launching amphibious operations against Japan. The Japan-U.S. defense ministers' talks in October 1987 decided on joint development of the FSX, based on the F-16 fighter manufactured by General Dynamics.

NTT To Launch Satellites Independently in 1995

OW2812142390 Tokyo JIJI in English 1348 GMT 28 Dec 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Dec. 28 (JIJI PRESS)—Nippon Telegraph and Telephone Corp. (NTT) has decided to launch communications satellites on its own in fiscal 1995, with an estimated cost of 100 billion yen, NTT officials said Friday.

The telecommunications giant will make a formal decision on the project in January and will announce in an official bulletin that it will procure the satellites indiscriminately from overseas or domestic manufacturers.

Through the [word indistinct], NTT aims to enter in a full scale into satellite communications businesses, includicg high-definition television broadcasting and portable phone services in remote areas, the officials said.

NTT plans to have a main satellite and a backup. Presently, the company uses the communications satellite CS-3, which was developed jointly with the National Space Development Agency of Japan (NASDA) for such purposes as telephone services for solitary islands and backup in emergencies for ground communications networks.

To replace the CS-3 which will be obsolete by fiscal 1995, NTT formerly planned to launch another satellite jointly with public institutions. However, a Japan-U.S. agreement left NTT only two other choices, [words indistinct] leasing satellites from other companies. The accord, reached at bilateral talks last April, calls for the Japanese Government to drive NTT out of satellite development projects.

NTT finds that its leasing of satellites would make it difficult for the firm to provide appropriate services and make experiments on new technologies, the officials said.

The recent malfunctionng of a commercial satellite launched by Space Communications Corporation made NTT feel a strong need of being involved in the process of manufacturing and maintenance of satellites, they said.

Bank Association Chairman on Real Estate Loans

WA27120200 Tokyo SANKEI SHIMBUN in Japanese 3 Dec 90 Evening Edition p 3—FOR OFFICIAL USE ONLY

[Undated article by Taizo Hashida, chairman of the Federation of Bankers Associations of Japan, in the "Talk Now" feature]

[Text] From the outside there is criticism over scandals surrounding real estate loans and soaring land prices. Internally there is buffeting by the waves of liberalization and internationalization, and also noise stemming from the securities barrier problem and financial reform. Interim accounting proclaims that the financial world has entered a wintery period, and unmistakably spring has ended and "we have entered a difficult period."

Concerning the problem of loan postures toward real estate, this criticism is answered by returning to the starting point: "If there is no profit, business will not continue for long. However, there is also the aspect of having gone so far that one cannot say no. Respect for the public institutions of society must be renewed, and we must once again take a new look at many things."

That one case [the Sumitomo Bank scandal] was able to be settled and a "Code of Ethics for Land-Related Loans" was issued by the Bankers Association Federation. It is necessary to reaffirm the public mission of financial organizations. Since this is a small country, land development cannot be carried out and expanded even further. Thus, encouragement of soaring land prices results in a crumbling of trust. "It is difficult to come up with a screening mechanism to differentiate between actual demand and false demand. But as to when to prepare for the next period of monetary expansion, we must start thinking about it now." We need to rack our brains to build a consensus in the industry.

"People are assets" is a cherished view. Trust in a bank is built by the effort of each and every bank employee. When I was a branch manager I invited young employees to my home and strove for mutual understanding. As a bank president I put forward the concept of "an advanced 'best bank' for society, stockholders, customers, and employees." I want to emphasize that for mergers and structural reform, "where we should reach for is to offer even higher levels of service. We must create a trust framework that will cause rejoicing by society and customers."

* Survival Strategies for Farmers Introduced

912A0039A Tokyo SHUKAN TOYO KEIZAI in Japanese 20 Oct 90 pp 136-141—FOR OFFICIAL USE ONLY

[Article by SHUKAN TOYO KEIZAI reporters Namiko Katsuki and Minako Fujiyasu with remarks by LDP Economic Adjustment Special Research Committee Chairman Toshio Yamaguchi]

[Text] Rice is said to be the last fortress of Japan's agriculture. To guard this sanctuary, it appears that a desperate defense system is being maintained on the strength of the food security theory. However, a windhole is being bored on agriculture from both the inside and the outside.

Politicians and bureaucrats cannot make a move because of the Diet's resolution for a complete self-supply of rice, and the Agricultural Cooperative Association continues its strong position that "even a grain of rice must not be allowed in." Nevertheless, few leaders can answer the question, "Is there any way to save Japan's agriculture without liberalization?"

It is in no way too much to say that the backward-looking nature of agricultural administration, which clings to vested interests under the plea of protecting agriculture, has stagnated agriculture and spurred the young people to give up farming.

Meanwhile, rice liberalization has actually begun within the country, first in the sector of distribution. An attempt has been made to apply the market principles to the producer's marketing rice [Jishuryutsu-mai—rice delivered to wholesalers directly from farmers without going through the government] and, as a consequence, the Staple Food Control Act has almost been reduced to a mere skeleton. What is more, despite repeated reductions in the acreage under cultivation, the rice surplus trend has not changed, and there is no indication at all that the rice price will stop going down.

Foreseeing the rapid tide of liberalization at home and abroad, some farmers are actively grappling with new agricultural management. They are agricultural practitioners carrying a spirit of enterprise whose concern is how to raise productivity effectively. For them, "attack is the best defense."

A project established the world's largest denpo [a unit of partitioned paddy land], thereby giving rise to farmhouses with a Y10 million income.

The Inba Marshland Amelioration District has succeeded in industrializing its denpos with various installations. A man says in this connection that Japan can be number one across the world in rice farming as well.

"The future of Japan's agriculture is by no means dark. As is the case with the automobile and the television, Japan can be number one in the world in rice farming as well."

Mr Yu Kanesaka (71), who has worked in land reclamation for many years in Sakura City, Chiba Prefecture, was full of confidence. He made the above remarks on a "gala occasion" for him; an inspection team from the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Finance was visiting Mr Kanesaka's paddy field to see a "project to build a model field for the 21st century-type paddy farming." The Ministry of Agriculture, Forestry and Fisheries had made a budget request for the project, listing it as a new undertaking for fiscal 1991.

Sakura City is one of the so-called new emerging bedroom towns which is situated at a distance of 1 hour's tram-car journey from Tokyo and also close to Narita where an international airport is located. The area around the Inba Marsh in Sakura forms a noted swampy paddy field, and the history of flood control in the area is said to be traced back to the Edo period. A public juridical person named the "Inba Marshland Amelioration District" was founded some time after 1945 with the object of carrying out drainage works in the ill-drained area around the Inba Marsh. The director of this organization is one of the titles Mr Kanesaka now holds, but, among people concerned with agriculture, he is more famous as "a man who has established the largest denpo."

What is called the "denpo" herein indicates a unit of partitioned paddy land. It is said that the average acreage of the paddy field under cultivation for a farm house in Japan is less than 1 hectare; however, in the No. 1 Usui Project Sector, which is part of the land reclamation district, a paddy field covering a total area of about 24 hectares was formed by consolidating farms collected from 106 farmhouses. It was divided into five denpos with the acreage of their largest one reaching 7.5 hectares. In the past it was said that the Hachirogata paddy field had the largest partition with its acreage covering an area of 1.25 hectares. Even for a U.S. rice-growing farm, which is said to own 30 hectares of paddy fields on the average, each partitioned farm unit is as large as 4 or 5 hectares at most. Therefore, the Mr Kanesaka's is certainly a case which is a rarity.

It is quite clear why Mr Kanesaka has built such large-scale denpos. Japan has become number one throughout the world in the industrial sector, and there is no reason why it cannot become number one across the world in the field of agriculture as well. The aim can be attained if it can unite three factors, that is, if it can produce the most sanitary and tasty rice at the lowest cost in the world and sell it for the highest price in the world.

Tasty rice has already been realized as we see in what is called the brand rice products [those carrying producers' names or producing districts as their brands] which have been developed through the improvement of varieties for many years. As to selling rice for the highest price, some consumers are ready to buy high-priced products if they are of high-quality. The only question left is how to reduce the production cost. This can be achieved by taking measures to combining farms, readjusting their partitions, and using high-tech farm implements.

For good or ill, most of rice-growing farms today have family members who have jobs other than farming, and what is more, aged people who are more than 60 years old occupy over 50 percent of the farming population. A shortage of successors is also serious. Until 1952, 400,000 people reportedly started working as new farmers each year. However, in 1989 only 2,100 people commenced work as new farmers across the country. Old farmers whose households have no successors can resolve this problem by forming a landowners' association and unifying their farming rights, and then entrusting intensive farm work to a quite limited number of young full-time farmers, who are active and strong in new technology.

This idea was first implemented in the (Kakurai) Project Sector, part of the Inba Marshland Amelioration District in 1979. This means that the program at the aforementioned No. 1 Usui Project Sector is being carried out on the basis of experiences acquired in this first scheme.

There were a total of 64 farmhouses in the (Kakurai) Project Sector, and members of most of those households were old and farmers with other primary occurpations like in any other areas. Of them, 58 households gave their approval to Mr Kanesaka's plans and formed the (Kakurai) Project Sector Agricultural Association, an agricultural union corporate body. Explaining operational methods of this organization briefly, the association in a collective action entrusts farm work to two core farmhouses [the core farmhouse means a farm household which has a full-time male farmer who is under 60 and can engage in farming for more than 160 days a year; a concept first introduced in fiscal 1970 white paper on agriculture; it holds membership and pays rents for land to the other members]. The core farmhouses pay various fees to the association including one for the use of its machines, and with these incomes the association repays a loan of money from the Agricultural Cooperative Association.

At present, it is said that the association pays a rental of Y70,000 a year to each member uniformly and that the annual income of each of the two farmhouses engaged in actual farming exceeds Y10 million. Generally speaking, most farmhouses growing rice on a small scale, that is, on less than 50 ares of farmland, are in the red financially when only their incomes from farming are considered.

However, under the Kanesaka formula a certain income is guaranteed if a farmhouse transfers its rice farming right.

Explaining how this magic works, the formula adroitly takes advantage of a current system called "the bounty for tensaku [changing crops to be cultivated on the farmland, generally from rice to other produce]." It is said that tensaku is now enforced on one-fourth of paddy fields in Japan, and this project sector, too, is carrying out tensaku on 50 percent of its paddy field. It is thus engaged in multiple farming involving rice, barley, and soybeans. As a consequence, it receives Y70,000 per 10 ares as subsidy for tensaku from the state and the city, and, in addition, earns between Y70,000 and Y80,000 per 10 ares from barley and soybean crops grown on tensaku farms. Therefore, money for rental payments can be raised from crops other than rice, and almost all earnings from the rice crop become incomes of the persons who actually work on the farm.

In this project sector, the rice production cost including charges for raw materials and cultivation expenses now amounts to a little over Y50,000 per 10 ares, about 40 percent of the national average of Y140,000. The project sector is thus achieving the goal of low-cost production.

Mr Kanesaka says: "When rice liberalization is realized, it may no longer be possible to expect the tensaku bounty. In addition, there is a large possibility of the rice price going down as a result of a substantial amendment to the Staple Food Control Act. Nevertheless, when we succeed in realizing large-scale farming, we will be able to pay rental from actual crop incomes, and, if we produce tasty rice, it will enjoy a large sale despite its high prices." His position is that until then they should make the best use of all existing means and benefits available.

The unique contrivance of the Kanesaka formula is exhibited, among others, in the building of the self-proclaimed world's largest-scale paddy field. Introducing part of its contrivance, first, in the overall farmland-partitioning process, ridges between rice farms and useless farm roads were removed and the portion of land thus increased was all sold to pay for the partitioning expenses with a view to lightening the burdens on the association members. Second, all irrigation and drainage channels were removed and pipelines were laid underground to replace them. Third, the plowing of the field in preparation for rice transplantation as well as the transplanting process itself were abolished and instead the effective direct-sowing-of-the- dry-field method was adopted. It is said that "Mr Kanesaka industrialized the whole denpos with various installations," (Chiba University Prof. Yasuhiko Tadashi).

Some praise Mr Kanesaka as "the god of land reclamation." However, it was only 2 or 3 years ago that things really began to move on the right track, for example, in the (Kakurai) Project Sector. Trials and errors continued until then.

Mr Kanesaka says with confidence: "The formula can be applied to any place in Japan because it has succeeded even in the Inba Marsh which was ill-drained and described as unsuitable for the rice crop." In fact, over 300 observation parties are said to visit the Inba Marsh Reclamation District each year. Iwate and Kumamoto Prefectures have adopted this kanesaka formula and respectively begun enforcing the overall partitioning process (the largest farm unit to cover an area of 10 hectares) on their rice paddies, the former of 100 hectares and the latter of 60 hectares.

Mr Kanesaka's "agricultural revolution" appears to be spreading on a steady basis.

Concerning the Kanesaka formula itself, it may be said that the formula has succeeded because of the presence of all necessary conditions. That is, the area is flat and inhabited by many side-work farmers. It also has a leader who can persuade aged farmers who tend to cling to their farmlands in disregard of economic rationality. Mr Kanesaka himself also admits that the formula itself still has room for improvement.

However, this practical example of advanced modern farming is believed to serve as the best guideline for farmers. They are now suffering from the lack of their successors. They hear the voice of the authorities saying that "even a grain of rice will not be allowed in," but they are sensitive enough to feel the winds of liberalization blowing from the east. Mr Kanesaka says with indignation: "The authorities are wasting money and time, simply making useless arguments on the pros and cons of rice liberalization. If they are really at leisure, I would like to advise them to think more about the future of Japan's agriculture."

Ending the inspection visit to the Inba Marsh Amelioration District, Mr Hisao Katagiri, director of the Agricultural Structure Improvement Bureau of the Ministry of Agriculture, Forestry and Fisheries, made the following remark: "The enhancement of productivity through large-scale farmland partitioning will serve as the very basis for Japan's future rice farm management." It is believed that this remark must have inspired Mr Kanesaka to some extent.

A company produced its own brand rice on a 170-hectare farm and made annual proceeds of Y300 million after paying salaries to young workers.

Sakatani Farm Produce Co. in Toyama Prefecture is carrying out large-scale rice farming by contract. It uses employees to produce rice. It will set up separate branches in the future.

There are naturally some reform-minded rice farming enterprisers in Tohoku and Hokuriku regions which are called rice-producing centers. One of them is Sakatani Farm Produce Co., a corporate body for agricultural production in Fukuno-machi, Toyama Prefecture.

Sakatani's Managing Director Kazunori Okumura says: "It is us professional farmers who will be dealt the most severe blow by rice liberalization and the lowering of prices. We should discern and cope with the actual reality and make managerial efforts in order not to suffer."

Sakatani Farm Produce Co. leases farms from nearby farmhouses and conducts contract farming. In this respect, its method is similar to the Kanesaka formula. Making a large difference, however, Sakatani Co. employs farmers for production work, rewarding them with salaries for their labor. Its farmland held under lease covers a total area of 170 hectares, and it has 16 employees. Of them, 11 are engaged in actual work on the farm. Most of them are young as indicated by their average age of 29.7 years.

The key means to cope with liberalization is the ability to produce quality rice. Sakatani Farm Produce Co. entertains the belief that, even if the company's product may be unable to compete with Thai or Californian rice in price, it will suit the taste of Japanese because it is grown on the Japanese soil. Under this belief, it is producing its brand rice "Gold Ace," which is obtained by taking the ordinary Koshihikari and putting it through a process called the "organic agricultural method-natural drying."

Under the existing Staple Food Control Act, however, the "Gold Ace" is traded at the same price as the ordinary Koshihikari. It should have naturally been enjoying higher market quotations than the other even though they are equally called the producer's marketing rice.

In addition, Sakatani Co.is now in a dilemma because it cannot use all of its hard-sought 170 hectares of farmland for rice production because of the uniformly applied Staple Food Control Act. Managing Director Okumura says: "I think the Staple Food Control Act should remain effective in order to play a certain role as a means of price adjustment to prevent a sudden rise or fall in the price of rice. However, the law does not need to go so far as to assume the role of production adjustment. In any case, it is believed that its revision is a matter of time."

Sakatani Co. produces some 500 tons of rice annually and its sales reach about Y300 million. Concerning its returns, the company continues to keep the balance in the black. However, it does not intend to earn an inordinate profit. It is said that when certain earnings are made the company would like to raise land rentals to return profits to farmhouses. At present, it pays a rental of Y35,000-Y45,000 per 10 ares.

In farm villages, people do not want to lease inherited ancestral farmlands to others. Therefore, it is difficult for the company to advance into every neighboring town to increase its farmlands by contract to 500 hectares or 1,000 hectares. In this context, the company thinks that it will be ideal if it fosters young leaders and then has them return to their native towns and villages to carry out farming by Sakatani methods. Sakatani Co. has thus begun to seek a dream of developing itself into an enterprising group by promoting establishment of separate branches with 100 hectares as a unit.

A group has produced "strawberry millionaires" by shifting from the growing of rice. The group was activated by the "Club To Earn" in full-time farming.

In Saga Prefecture, the Kashima City Agricultural Cooperative has an organization called the Strawberry Fraternity with 70 percent of its members full-time farmers. It earns Y500 million annually. Young farmers first formed the "Club To Earn" before activating the fraternity.

Despite the saying that rice is the mainstay of Japan's agriculture, it has only been since 1965 that ordinary small farmers have been able to live on their rice production. Apart from part-time farmers in the suburbs of cities, many young people in areas where employment opportunities other than in farming were few moved to cities to seek jobs, leaving only aged people in the areas, thereby causing a depopulation phenomenon.

Kashima City in the southwestern part of Saga Prefecture is one example. The city's population, which once totaled nearly 40,000 decreased to less than 35,000 as of the end of August of this year. There was a time when farmers occupied more than half of the working population in the city, but they now account for below 20 percent. What is more, among 2,860 farmhouses, only 14 percent of them are full-time farm households.

As if to counter this trend toward part-time farming, there reportedly is a group in which 70 percent of members are full-time farmers. It is the Strawberry Fraternity of the Kashima City Agricultural Cooperative. Since its inauguration in 1982, the fraternity, despite its setback in 1983 due to snow damage, has steadily increased its membership and the acreage of its farm facilities through multiple management of strawberry, paddy, and other crop cultivations. At present, it is composed of 93 farm houses and its farms cover an area of 14 hectares. It received the agriculture, forestry and fisheries minister's prize at the National Agriculture-wide Facility Gardening Fair last year by actually raising its total sales to Y510 million.

Why did the fraternity decide to grow strawberries? Mr Yutaka Hashimoto, chief of the city agricultural cooperative's Vegetable Farming Guidance Section who has been in charge of technical guidance for strawberry culture, explains: "The policy for a shift from rice in farming began in 1970, and what they will have to do to earn their living became a serious question for farmers. This tells why it began strawberry culture in a full scale."

Before then, there were also facility gardening activities in Kashima City to grow vegetables including some limited amounts of strawberries. However, cucumbers and eggplants need large investments, compared with other crops, even when they are all cultured at the same facility and, in addition, their cultivations are difficult technically, requiring young workers. In this regard, it is said that strawberries are easy to grow and only require one to secure fine seedlings and apply water and manure as directed and that even beginners can earn an annual income of Y3 million. Section Chief Hashimoto says:

"The fraternity members' average age is somewhere between 52 and 53, and some of them say that they can work until the age of 80 if they can grow strawberries."

Let us cite the case of a farmhouse in the fraternity whose strawberry acreage is said to be 18 ares and paddy acreage of 120 ares on the average. According to an estimate, its per-day reward for labor on the strawberry farm is less than half of its reward for work on the paddy farm; however, it makes Y4 million of its annual income from the strawberry cultivation, nearly four times the income from rice farming. Some of these farmhouses earn more than Y10 million of incomes a year. In this context, it is quite right to call them "strawberry millionaires."

Men on the street may think that if it pays so well, people must be dashing to the business everywhere. However, the weakness of this strawberry culture is the considerable time required primarily in harvesting and packing the products in boxes. Typical strawberry-producing districts from old times are Tochigi and Shizuoka Prefectures which have large consumer areas nearby. However, such suburban-type facility gardening strawberry culture is on the decrease on the grounds that "it is profitable but requires too much time and labor." Instead, Kyushu strawberries, which are produced in Fukuoka, Saga, and Nagasaki Prefectures and which are more farming-oriented rather than gardening-oriented, are on the rise. The new variety "Toyonoka" is so famous along with Eastern Japan's Joho that people say "Toyonoka represents the West while Joho, the East." It is popular as a food eaten raw in the Tokyo-Yokohama zone and its neighborhood, and its price is stable, maintaining a relatively high level. In addition, strawberries are damaged easily, making competition with imported products less likely.

Mr Riichi Tanaka (35) belongs to this fraternity's Tsunehiro No. 1 Branch Research Team. He is one of those who quit a salaried man's life and began cultivating strawberries. He quit working at the agricultural cooperative about 10 years ago. He approached young farmers engaged in strawberry culture in his neighborhood, and an unofficial study group called the "Mokyukai" was organized among seven of them. This is a name spoken in a Saga accent, actually meaning "Mokerukai" [The Club To Earn]. The club now has 11 members, whose average age is 30.

His goal is to earn an income of Y10 million by strawberry culture. Mr Tanaka now cultivates 35 ares with strawberries and 2 hectares with rice. He says that "I would like to increase strawberry acreage by three times to one hectare before the end of my thirties." When this is realized, it is fully possible for him to lend his rice-growing paddy field to others and devote his entire time only to strawberry cultivation. The city agricultural cooperative is now reportedly studying measures to obtain part-time seasonal housewife workers for strawberry farmers who, like Mr Tanaka, are hoping to do their work on a large scale.

Mr Tanaka also says: "I am fully in favor of rice liberalization. At present, every house possessing farmland is equally called the farmhouse whether it has only 5 ares or as large as 20 hectares. At any rate, the present system is absurd in which survival is easier for one who engages in part-time farming. If one really intends to make a living by farming, he or she would rather welcome liberalization."

It may be said that the example of this strawberry fraternity represents a fortunate case blessed with the favorable trend of the times. Whatever that may be, some survival measures have begun to be taken by farmhouses which have become aware with a sense of reality that there is no future for them as long as they continue to rely on the rice self-supply system. Section Chief Hashimoto says as follows, showing his mettle as a professional farmer: "Nobody knows what will happen 4 or 5 years later. Simply passing one's days in anxiety over the future is a defeatist attitude which should be discarded."

[Box, p 138] We Are To Counteract if Challenged to a Dispute

On this rice issue, Mr Toshio Yamaguchi, chairman of the Liberal Democratic Party's Economic Adjustment Special Research Committee, makes the following remarks:

I think that in addition to a change in eating habits, consumers' distrust of agricultural administration is also partly responsible for the failure to curb the Japanese people's departure from rice. The position against liberalization that "even a single grain of rice will not be allowed in" disregards the following contradictory facts that the price of rice does not go down although it is excessive, and that, although they are called farmhouses, many of them cover their agricultural deficits by salaries. By beginning liberalization, these controversial points must be exposed; otherwise, there will be no improvement in Japan's agriculture.

Concerning the food security theory, it is absurd to argue for the self-supply of rice despite Japan's dependence on imports for most of its foodstuffs and the trend of decrease in rice demands. If its upholders really mean business, they can use idle land. In this way, they can produce about 15 million tons of rice and maintain a secure stock. It is also nonsensical that 7,000 inspectors are assigned to carry out a safety check of rice which accounts for only 6 percent of the total foods.

In view of Japanese rice's international competitiveness and the U.S. supply capacity, I pointed out that Japan's agriculture would not be affected if we open the market by about 5 percent of the domestic demands. There is room for reconsideration in this figure; however, Japan should correct its bad habit of being overly protective of its high-valued and competitive products only to gain international notoriety.

metropolitan area as compared to other areas is the number of firms who responded "no specific method is used" (36.7 percent).

By the size of the firms, recruiting methods vary: a majority of smaller firms rely on "help wanted" signs posted on their office door and/or window, and "word of mouth." Larger firms recruit through public employment agencies, classified ads in regular newspapers and magazines that specify such ads, and recruiting visits to schools.

Headhunting amounts to around 9.1 percent nationwide and relatively higher with more than 10 percent in areas such as Hokkaido, Tohoku, Hokuriku, Kinki, and Northern Kyushu.

Rising Expectations for Help From Financial Institutions

More than 50 percent of small and medium-sized firms expect banking institutions to work for them as helping hands to solve this manpower shortage. Demands that banks act as an "information source," "manpower resource intermediary," and as a "firm banking system" are high nationwide.

For the latter, the demand may vary regionally, but 20 percent of firms with more than 40 employees said they would count on a "firm banking system," and by job category it is wholesalers (16.9 percent), and the construction industry (16.3 percent).